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# ***Daily Report***

## **China**

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# Daily Report China

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16 July 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### Daily Analyzes President Clinton's G-7 Aims

HK1507153193 Beijing GUANGMING RIBAO in  
Chinese 8 Jul 93 p 3

[Article by Washington-based staff reporter Wang Deming (3769 1795 6900): "Striving for Good Results at Conference, Lowering Expectation Outside Conference—Analysis of Clinton's Trip to Attend the G-7 Summit"]

[Text] Washington, 6 Jul (GUANGMING RIBAO)—The annual summit meeting of the seven Western countries opened in Tokyo. The meeting was shrouded by the ominous clouds of continuing economic recession, so the priority item in the meeting agenda was naturally the economic issue.

At present, France, Italy, and Germany remain in an economic recession, and the UK has just moved out of the nadir of the economic cycle. Japan's annual economic growth rate is about 1 percent. The U.S. economic situation is not bright. In the political aspect, each government is facing its own problems. In the UK and France, the ruling parties are facing declining popularity ratings. The German Government is being plagued by the immigrant issue. In Canada, the government leader has just taken office. The U.S. President has encountered many troubles in fewer than six months after taking office. In Japan, the Diet gave a no-confidence vote to the incumbent cabinet, and a political storm was raised. It will be very hard to smoothly complete the meeting and achieve satisfactory results.

The United States' policy for this summit meeting is to strive for results favorable to itself, but it also made preparations for achieving nothing. The preparatory work focused on formulating a set of guiding principles for the establishment of a more open world trade system, stimulating the stagnant economies of the seven participating nations, and assisting Russia's market economy-oriented changes. The concrete targets pursued by the United States are: 1) Requiring the other six countries to accelerate economic growth and create more jobs, and setting the economic growth target at 3 percent. 2) Joining hands with the Western allies in requiring Japan to lower its annual global trade surplus of \$150 billion (including the \$30 billion trade surplus with the West European countries), and demanding that Japan formulate a specific target for importing American goods in order to lower its trade surplus with the United States by 50 percent in three years (the current trade surplus is \$50 billion), and attempting to reach a multilateral trade agreement among the seven nations so that the United States can open the world market and increase exportation of manufacturing goods to the allies. 3) Persuading the other six countries to offer greater economic aid to Russia in order to accelerate Russia's economic reform.

U.S. President Clinton's plan for reducing the federal government's financial deficit by \$500 billion in five

years was approved by Congress. Although there exist potential difficulties for the implementation of this plan, Clinton will take this as his capital for exerting pressure on other countries at the Tokyo summit meeting. U.S. Secretary of State Christopher openly announced that because the United States has "tidied up its own economic house, so the U.S. President can attend the summit meeting with strength and status." A senior White House official even said with complacency that Clinton will make his trip to Tokyo at the "best moment" to once again display the United States' global leading status. It was against the same background that the United States haughtily issued orders to its allies, demanding that they act according to its wishes and set the economic growth target at 3 percent and also requiring them to act according its conception of multi-lateral or bilateral trade. According to the present reactions, the United States has hit both tough and soft snags. Japan and Germany explicitly opposed the 3 percent economic growth target, because they feared that this would intensify inflation and increase budgetary deficits in their countries. A senior German Government official said: "This is not machine production but economic activities." French Prime Minister Balladur explicitly stressed that if the United States insists on imposing antidumping tariffs on European iron and steel, it will not be possible to reach a trade agreement.

U.S.-Japanese relations remain tense, and this is a more obvious fact. Japan is not willing to stimulate its economy by means of reducing taxes and increasing government expenditures. In particular, the U.S.-Japanese trade friction is a tough problem. Before Clinton left for Tokyo, on 5 July, he announced at a meeting of the National Education Association in San Francisco that the existing \$50 billion trade deficit with Japan is "unacceptable" to the United States. He even said that the political crisis in Japan may lead to the alleviation of the U.S.-Japanese trade tension. His words evoked strong reactions on the Japanese side. According to an opinion poll published by THE NEW YORK TIMES on 6 July and conducted jointly by the newspaper, CBS, and the Tokyo Broadcasting System, 64 percent of Japanese people held that Japanese-American relations were not "friendly." The rate was 9 percentage points higher than the poll result in May 1987. As for whether Clinton's promise was believable, 70 percent of Japanese people answered "No." When publishing this opinion poll, THE NEW YORK TIMES also reported that a famous Japanese professor said: "Here it is generally held that Clinton was short of experience and had no knowledge about free trade."

As for what the United States wanted to achieve at the Group of Seven summit, public opinion here held that the targets included quicker economic growth in Europe and Japan and reduction in Japan's trade surplus with the United States, as this would enable the United States to increase its exports and effect economic growth. However, public opinion here was not optimistic about whether this end can be successfully achieved. It is

noteable that Clinton also lowered his expectations for the results achieved by the summit meeting. Before he set off to Tokyo, he told the press that the significance of the summit lies in its atmosphere rather than the concrete action. He also said that there was little room for maneuver for other leaders attending the meeting. Therefore, it would be more difficult to conclude a trade agreement than the public expected. Reportedly, the White House has tried to strive for a lower target, and shift its attention to the political declaration to be issued by the summit meeting. The declaration will deal with the Bosnian issue, the terrorist activities, and the nuclear weapon issue. A senior U.S. Government official said: "Progress in the economic aspect may be smaller than in the political aspect, so we should focus our attention on what we can control."

### Italy 'Strongly Against' U.S. Raid in Somalia

OW1607054793 Beijing XINHUA in English 0514 GMT 16 Jul 93

["News Analysis: UN Request To Recall Commander Sharpens Dispute With Italy (by Huang Changrui)"—XINHUA headline]

[Text] Rome, July 12 (XINHUA)—A United Nations request for recalling the commander of the Italian troops in Somalia, Bruno Loi, has intensified Rome's dispute with the UN over the peace-keeping mission.

The Italian Government is reportedly going to send a high-level delegation to contact UN Secretary General Butrus Butrus-Ghali over the issue and to seek for a UN debate over the political goal of the mission in Somalia.

Italy, strongly against Monday's [12 July] air attacks on Somalia's capital Mogadishu by the United States, Tuesday asked the UN for permission to withdraw its troops from the capital to northern provinces.

UN Undersecretary General Koffi Annan said at a press conference in New York yesterday that the recalling of Loi would conform with the interests of the UN Operation in Somalia (UNOSOM) and Somalia's unification.

Denying that Monday's attack was the work of the U.S. troops alone, he accused the Italian contingent of not following UNOSOM's orders, saying "the Italians refused to take part in some of our operations."

Italian Foreign Minister Beniamino Andreatta said he was "appalled" by Annan's statement, which also exasperated the Italian Government.

The rift on the Somalia issue between Italy and the United States surfaced long time ago.

Before Italy sent its forces last December to Somalia, its former colony, a special representative of the then U.S. President George Bush had said in Mogadishu that the U.S. did not want Italy's involvement in the UNOSOM.

While the UNOSOM has never accepted Italy's repeated request to be represented in its command, the U.S. aggressive line of military action has further sharpened the dispute.

The dispute between Italy and the U.S. centers on the way of conceiving and carrying out the UN security resolutions.

Italian Defence Minister Fabio Fabbri said Tuesday that the UNOSOM's mission should be "peaceful mediation" between the warring sides and helping realize Somalia's national reconciliation through "humanitarian aid" instead of imposing peace by combats.

But the U.S. stands for forcing the conflicting sides to disarm.

Italy said that the U.S. contingent had not coordinated with Italian Commander Loi on its helicopter attacks in Mogadishu, nor had it informed Loi beforehand.

Following Monday's attack, Italy asked to withdraw one third of its 2,400 troops in Mogadishu to join its remaining forces in northern provinces.

The U.S. policy in Somalia also sparked criticism in its own country. U.S. Senator Robert Byrd said in Washington that the characteristics of UN troops in Somalia were now different from expected, adding that Somalia might become "another Vietnam."

A confidential report said that in the UN 1993 budget for Somalia, only one tenth of the 1.5 billion U.S. dollars was destined for humanitarian aid.

### Jiang Zemin Writes to Disaster Management Forum

HK1607071093 Beijing RENMIN RIBAO in Chinese 27 Jun 93 p 1

[XINHUA Report: "Jiang Zemin's Congratulatory Letter to International Conference on Disaster Management in China"]

[Text] Chairman and Deputies to the international conference on disaster management in China:

I am glad to learn that the international conference on disaster management in China is being held in Beijing. I wish to extend to you my warm congratulations.

China is a country beset by natural disasters. The Chinese nation has a long history of fighting natural disasters. A number of projects for preventing floods and irrigation, including the "Dujiangyan" project built in ancient China and the seismograph invented by Chinese ancients, were great inventions at which people have gasped with admiration, generation after generation. Since the founding of the PRC, the people's government, while devoting itself to economic construction, has been leading the people in waging an unyielding struggle

against natural disasters and has made more brilliant achievements than our ancestors.

Since the 1990's, China has vigorously responded to the proposal made by the 44th United Nations General Assembly for carrying out the campaign known as the international decade for natural disaster reduction, by adopting a series of highly effective measures to promote the reduction of disasters.

Over the last 10 years, whenever China suffered serious natural disasters, the serious floods in 1991 in particular, the international community has provided humanitarian support, emergency relief to disaster areas, and helped the disaster victims with reconstruction. The cooperation between the international community and Chinese Government departments responsible for disaster prevention has also begun well. We wish to express heartfelt gratitude for this.

China is stepping up reform, opening wider to the outside world, and pushing forward economic construction. We are fully aware that, to attain the magnificent goal of economic and social development for the 1990's, it is necessary to attach importance to disaster reduction. We will continue to follow the guideline of paying equal attention to both economic construction and disaster reduction; incorporate disaster reduction into the general program for promoting economic and social development; continue to carry out the basic principle of combining disaster prevention, disaster resistance, and antidisaster operations with stress on disaster prevention; increase investment in disaster reduction; and accelerate construction of disaster-prevention facilities so as to increase our ability to resist natural disasters.

The reduction of global natural disasters is a long-term common task of all countries. A major objective of the activities of the "international decade for natural disaster reduction" is to reduce natural disasters in developing countries. As a developing country, China will expand exchanges and cooperation with other countries and make its own contributions to the reduction of disasters in the world.

I am convinced that, as long as all countries make concerted efforts and intensify cooperation, they will be able to greatly reduce natural disasters worldwide, thus vigorously promoting progress and development of human society.

Finally, I wish the conference a success.

[Signed] PRC President Jiang Zemin  
[Dated] 25 June 1993

#### **Jilin Trade Group Visits Russia, East Europe**

SK1607062293 Changchun JILIN RIBAO in Chinese  
14 Jun 93 p 1

[Text] The Jilin provincial government economic and trade delegation headed by Vice Governor Liu Xilin held

Jilin economic and trade fairs in the cities of Chelyabinsk and Sverdlovsk in Russia from 20 May to 4 June. After this, the delegation inspected markets in the three East European countries of Hungary, the Czech Republic, and Poland, visited the Chinese Embassies there, and met with the officials of the economic, trade, industrial, and commercial departments of these four countries. It also made extensive contacts with personnel from the industrial, commercial, financial, and press circles and widely publicized Jilin's industrial advantages and open policy, thus extending Jilin's influence in Russia and East European countries and achieving fairly good results.

A. A new breakthrough was achieved in trade with Russia. In Russia, the provincial economic and trade delegation organized and participated in large foreign economic and trade fairs in Chelyabinsk and Sverdlovsk. These trade fairs were the largest ever held by the province in Russia, with 250 people from more than 40 specialized companies and large and medium-sized enterprises of the province attending and more than 1,200 commodities on display. About 50,000 local government officials, entrepreneurs, import-export trade company managers, and reporters visited the fairs, which had a very warm atmosphere and yielded marked results. Barter trade contracts greatly exceeded original expectations, as contracts amounting to \$376 million were signed, and of these \$177 million were for exports. Major export commodities were corn, rice, white sugar, television sets, detergent, cigarettes, and garments. Some of these export commodities were Jilin's advantageous resources which we have to spare, and others were commodities for which we have great production capacity and which experience average sales or are unmarketable in the province. In particular, we found a market in Russia for some of our stockpiled goods. Major import commodities included steel products, rubber, nonferrous metals, and various types of engineering vehicles, which were urgently needed in Jilin's current production and construction.

B. New achievements were made in economic and technological cooperation projects. Contracts for 29 projects were signed at the trade fairs, and the transactions totaled \$41.45 million, accounting for 40 percent of the annual transactions of the economic and technological cooperation projects signed with Russia. New breakthroughs were achieved in large projects particularly. The international trade development company of the province and the Ural electric machinery plant signed a contract for the 100,000-kilowatt generating unit expansion project of the Liaoyuan power plant. The contract is worth \$17.3 million, making the project the largest economic and technological cooperation project to be signed with Russia in the past few years. Spot exchange trade, barter trade, and technology importation were conducted simultaneously. This provided fresh experiences concerning how Jilin can expand the economic and technological cooperation with Russia and renovate its enterprises and increase their production capacity with less investment and foreign exchange.



C. Contracts for construction projects and labor service cooperation made new headway. Contracts worth \$27 million were signed for construction projects and labor service cooperation during the trade fairs, and 1,630 persons were to be sent abroad to provide labor service. Large projects included a 50,000-square-meter housing construction contract worth \$4.3 million signed by the Jilin International Economic and Technological Cooperation Company and the (Cheliboviy) City Iron and Steel Plant, with 150 people to be sent abroad under this contract; contracts worth \$2.2 million for railway maintenance, residential housing construction, and factory construction signed by Liaoyuan city and the Russian side, with more than 270 persons to be sent under this contract; and a labor service contract worth \$1.2 million signed by Hunchun city and the Russian side, with more than 500 persons to be sent under this contract.

While in Russia, the delegation also visited laborers who were sent to Russia by the province to undertake construction projects and listened to their opinions, thus enhancing their confidence in the success of their work abroad.

D. New channels were explored and expanded for economic and trade cooperation. During its stay in Russia, the delegation visited some large iron and steel complexes and large phosphate fertilizer and nitric ammonia production enterprises and discussed with them the cooperation projects they planned for and the further development of their friendly cooperation. It observed the production process of some plants and visited their workshops and production lines to acquire a better understanding of the output and quality of their products and their technological level. After this, comrades who attended the trade fairs made efforts to get acquainted with business firms and establish ties with enterprises. In Chelyabinsk and Sverdlovsk cities alone, they got acquainted with 698 firms, thus opening up new channels for expanding Jilin's economic and trade exchanges and economic and technological cooperation with Russia.

E. We acquired a new understanding of the markets of Russia and East Europe. Throughout the inspection and visit, the delegation deeply felt that the market patterns of Russia and the three East European countries were of the same category but of different levels. Russia used to develop heavy industry on a priority basis, resulting in disproportionate agriculture, light industry, and heavy industry, in backward electronic, light, and textile industries, and in a monotonous food industry. Contradictions were very conspicuous between raw materials and processing, between heavy industry and light industry, and between the production of daily necessities and their consumption. Despite this, Russia's technology of heavy industry occupies a fairly high position in the world, and we can assimilate its technology for manufacturing many machines and equipment, technology which approaches the advanced levels of the world. Russia has abundant resources and raw materials, which we lack. In particular, we have surplus capacity in the processing of light

industry and textiles. Therefore, both sides are very capable of supplementing each other's economy. Based on this understanding, we should enter Russia before large quantities of Western commodities, funds, and technology pour in; use exports to promote imports; use the exports of daily industrial goods and light industrial and textile equipment to promote the imports of technology and equipment; and accelerate the technical transformation of Jilin's large and medium-sized enterprises with less investment. Despite their small capacity, East European markets are also supplementary to our markets. Jilin's grain, edible oil, and textile goods, especially rice and vegetable oil, may find a market in East Europe, and Jilin's markets can absorb some electronic and machinery products of East Europe, including large trucks, engineering vehicles, and basic raw materials. Mutually supplementary trade will play a good, positive role in accelerating the technical transformation of Jilin's small and medium-sized enterprises. A better understanding of the markets of Russia and East Europe will provide broad prospects for us to expand economic and technological cooperation with them.

## United States & Canada

### Article on U.S. 'Plotting' Against China

OW1607102193 Beijing RENMIN LUNTAN in Chinese No 6, 15 Jun 93 pp 40, 41

[Article by Gu Dexin (7357 1795 2946) and Liu Shunjing (0491 7311 4842): "Clinton's Seven Tactics in Plotting Against China"]

[Text] Since he moved into the White House, Clinton and his advisers have been studying strategies toward China. Available information shows that they have developed seven tactics in plotting against China.

### Containing China

The United States has always adopted a containment policy toward China. During the first 20 years of the cold war, it used force in Korea, the Taiwan Strait, and Indochina with the aim of encircling China. Even though it improved relations with China in the ensuing 20 years for strategic considerations, it was always mindful of containment. Now that the cold war between the United States and the Soviet Union has ended, the United States appears to be reopening its cold war with China. Following his predecessor's lead, Clinton regards China as a stumbling block in forging a U.S.-style new world order, considering its containment a reasonable proposition. To achieve this end, Clinton has devised several measures. 1) The United States will cement its relations with Japan as a way of using Japan to contain China; 2) a U.S.-led equilibrium among the major powers in Northeast Asia will be built upon the special U.S.-Japan relationship as a means of mutual containment; and 3) the United States will gradually incorporate Southeast Asian countries into its security apparatus. China is a peace-loving nation as well as a large developing country;

its development and growth represent a historical trend that is unlikely to be reversed willfully by any individual.

### Waving the Human Rights Banner

In recent years, the United States has persistently waved the human rights banner. A hallowed phrase, human rights have always been held in high esteem by people in all countries. At the same time, human rights are a desecrated notion frequently used by those engaged in power politics to effect cosmetic changes. It is the Chinese Government and the Chinese people—not the U.S. Administration—who show the deepest concern for human rights in China. China's greatest human rights feat is exemplified by its sudden rise from abject poverty and weakness to achieve sovereignty, stability, and prosperity. Clinton has called human rights the mainstay of his foreign policy. In elaborating on this theme, Secretary of State Warren Christopher said: "Our policy is to search for ways to promote a wide-ranging, peaceful evolution that will convert China from communism to a democratic system." The human rights banner has turned out to be a type of ideological offensive and a tool with which to overthrow China's socialist system. During his recent trip to China, former U.S. Secretary of State Alexander Haig said: "U.S. foreign policy only emphasizes American values and other idealistic elements. This does not work in the rest of the world." His remark is not without reason. History will tell whether China's social system is superior or inferior to that of the United States; this matter cannot be settled by just waving some kind of banner. Clinton should revert to reality and do something in earnest to benefit people in the two countries.

### Stirring Up Trouble in the Taiwan Strait

That Taiwan is part of Chinese territory is an indisputable fact. The U.S. Government solemnly recognizes this fact, in the "Cairo Declaration" and the "Potsdam Declaration" issued during World War II, as well as in the three Sino-U.S. joint communiques released later. Nevertheless, the United States has always shown a penchant for stirring up trouble in the Taiwan Strait, maintaining a separatist position similar to that adopted by the British during the U.S. Civil War in the past century. Rather than diminishing as a consequence of the international detente, this irrational tendency of the United States has again reared its head during the 1990's. First, the United States put up posters to publicize the appearance of the Taiwan authorities on the international stage, saying that Taiwan should become what it called an "international entity." Next, it thickened the plot for the U.S.-Taiwan play in order to attract more spotlight on the stage. Before he stepped down, Bush sent Mrs. Carla Hills, a cabinet-level official with a head of golden tresses [as published], to Taiwan, where she sold 150 F-16 fighters in violation of the principles of the 17 August communique. The deal supplied the Taiwan actor who plays the role of a warrior with a banner and other paraphernalia. People have noticed

that Clinton has mentioned Taiwan on several occasions, although he has been in office for only a few months. In his address at the American University, Mr. Clinton even referred to Taiwan as a "country." Honestly speaking, the Taiwan issue is China's internal affair; foreigners would do better than to interfere in this matter. An unreasonable attitude is not helpful to anyone. The Chinese nation has always been able and wise enough to realize the great cause of reunifying the motherland. The United States should, therefore, approach the Taiwan issue from a broad historical angle. It should start acting now by honoring the commitments it has made to other countries.

### Entering China's Markets

Toward the end of the 19th century, U.S. Secretary of State John Hay proposed a policy aimed at opening China's doors. Since then, the United States has always vainly pursued a dream with Oriental roots: that of occupying China's markets. The Asia-Pacific region is now the most dynamic in the world economy; the United States' trans-Pacific trade is one-third more than its trans-Atlantic trade. After coming to power, Clinton said that the primary goal of the U.S. strategy is to foster economic security. In terms of foreign relations, economic security means an expansion of overseas markets. Neither a stern expression nor a smiling face can easily change the United States' current unfavorable trade position vis-a-vis Japan. Market expansion efforts have necessarily revealed the Chinese Mainland as an attractive market. Moreover, China's reform and opening up have created possibilities in expanding Sino-U.S. economic contacts. Consequently, the two countries have enjoyed close economic relations despite their frosty political ties in recent years. After coming to power, Clinton has repeatedly expressed his interest in China's markets. Nevertheless, dissenting voices in the United States have frequently made an issue of the most favored nation [MFN] treatment. This difficult game, if overplayed, will not only hurt the United States' immediate commercial interests but, in the long run, will also likely cost that country the Chinese Mainland market. The U.S. Trade Representative once made this interesting remark: "If China is not accorded the MFN treatment, U.S. traders and investors are certain to lose \$10 billion each year, while Japanese and European investors will turn the situation to their advantage." Since the United States wants to secure a foothold in China's potentially vast markets, it should speak and act cautiously on the question of the MFN treatment.

### Utilizing China's Strengths

Despite the end of the cold war, the United States still needs China's help in regional security matters. China is a major power whose influence in the world, especially in the Asia-Pacific region, cannot be underestimated. On the issue of Asia-Pacific security, the United States cannot decide and act arbitrarily by circumventing China. The United States will accomplish nothing without China's help, whether in maintaining stable

relations among the major powers in East Asia or in keeping the situation stable on the Korean peninsula and in Southeast Asia. For this reason, the United States needs China's help despite its attempt at containment. Japan's SANKEI SHIMBUN once commented: "China is a permanent member of the UN Security Council, as well as a country with nuclear weapons. On the question of arms control, which the United States has emphasized following the end of the cold war, China's coordination is absolutely essential for the United States." "A cooperative relationship between the United States and China is imperative." For his part, Clinton has openly mentioned the need to maintain relations with China, saying: "I think we should never isolate China." What is the United States trying to accomplish by utilizing China's strengths? To establish an Asia-Pacific security structure patterned after its "Asian security" notion. The United States wants to play a leading role in this structure. It is essential to maintain normal relations between the two countries. Enlisting other countries' assistance is not necessarily wishful thinking because interstate relations are based upon reciprocity.

#### Interfering in Hong Kong's Affairs

Hong Kong will revert to China in 1997. Some people are happy about this, but some are sad about it. With doubtful motives, Hong Kong Governor Patten dished up his political reform program to create trouble for Hong Kong, which is in the process of smooth transition. It is in line with general principle that actions taken by China and the UK should conform to the Basic Law of Hong Kong, the Sino-British Joint Declaration, and the relevant understandings reached between the two countries. Patten wants to cast aside these principles, but China does not permit him to do that, and the norms of international laws will also not permit him to do that. The Hong Kong issue is left over by history. It is an issue between China and the UK, but the United States, not willing to be left out of the picture, has time and again made irresponsible remarks about the Hong Kong issue. The U.S. Congress not only has adopted a bill to express concern over the Hong Kong issue, but also has allowed bigwigs to make statements concerning the issue. When he met with Major, Clinton himself noted that "he fully supports the proposal for introducing broader democracy in Hong Kong." The Hong Kong issue has nothing to do with the United States. In the past many years, the United States never uttered a word about the UK's colonial rule in Hong Kong, but now it shows its concern over "democracy" there. Its intention cannot but arouse suspicion. The United States simply wants to create obstacles to or increase trouble for the reversion of Hong Kong to the motherland. It seems this will not hinder the general situation in 1997. Therefore, it is better for the United States to restrain itself a bit.

#### Playing With Snow on Mount Qomolangma

At the foot of the Himalayas there are some Tibetan compatriots who live far away from their homeland. Among them are a few separatists who want to make the

Yarlung Zangbo Jiang flow the other way. In recent years these few people have taken the fancy of the United States. There have been private meetings and secret talks in an attempt to create an atmosphere for the separatists to realize their dream. It is very cold on the towering Mount Qomolangma. Therefore, those who play with snow should be careful.

The seven tactics mentioned above are outdated except some. An old Chinese saying goes like this: "While there is wisdom in people's minds, it is subject to the logic of things in the world." It is hoped that Clinton will think thrice.

#### Ministry: U.S. Textile Quotas 'Unacceptable'

HK1607025693 Beijing CHINA DAILY in English 16 Jul 93 p 1

[By staff reporter Wang Yong: "U.S. Textile Penalty Is Condemned by China"]

[Text] While pledging to mount a campaign against illegal textile transshipments that have given rise to trade skirmishes with the United States, China yesterday called America's unilateral decision to reduce Chinese import quotas "unacceptable." "We are opposed to the U.S. action without sufficient evidence," Zhou Keren, director general of the foreign trade administration of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC], said in a news release.

Over Chinese protests, the United States last month decided to cut about 6.85 million square metres from China's textile import quotas. The loss was valued at \$80.78 million. The move was the latest in a series of actions by the United States to reduce China's quotas because of alleged illegal textile transshipments.

"The U.S. unilateral action violates the Agreement Regulating International Trade in Textiles and the Sino-U.S. Textile Agreement," Zhou argued. He warned that China will not rule out the possibility of submitting such cases to international arbitration. "China is entitled to react with corresponding measures," he said, but did not elaborate.

It has been found that some Chinese companies and their overseas partners (in some cases, American) have skirted U.S. quota restrictions on Chinese textile imports by falsifying the country of origin. "China has taken a positive stance on this issue in the past, and we hope the U.S. will stop its unilateral action," Zhou said. "Both China and the U.S. have common interest in nipping illegal transshipments."

Since 1990, China has issued a number of decrees against illegal transshipments. These include the Notification on the Transshipment of Textiles and Garments (1990), the No 1 Circulation (1991), the Notification for Tightening Control on Transshipments of Textile Products (1991), and the Regulation on Banning Illegal Transshipment of Textiles (1993).



Chinese trade authorities have punished a number of guilty firms, including Great Country Trading Co of Hong Kong; Wan Fa Fashion Co, Guangrong Garment Factory and Dongye Garment Factory, all of Guangdong; Tianjin Union Textiles; and Jiangsu Packaging Imp/Exp Co. "We're planning to convene a national conference soon to tighten up control over the practice," Zhou said. "We will gear up co-operation with the U.S. and positively participate in international conferences on dealing with illegal re-exports."

### Central Eurasia

#### **Li Ruihuan Receives Russian Deputy Premier**

OW1607081593 Beijing XINHUA in English 0738 GMT 16 Jul 93

[Text] Beijing, July 16 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met here this morning with Sergey Shakhrai, deputy prime minister and chairman of the state committee for national policy of the Russian Federation, and his party.

Li, also member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, said China and Russia are close neighbors and that the two peoples have maintained friendly ties for a long time. The further expansion of economic, trade and other ties is the common aspiration of the two peoples and conforms with their mutual interests.

Noting that current bilateral ties are satisfying and that contacts are on the rise, Li expressed the hope that existing exchanges and cooperation between the two countries would be augmented. He also expressed the hope that Russia enjoys political stability, prosperous economy and good life for its people.

In response, Shakhrai said that people of all nationalities of Russia cherish good feelings towards the Chinese people and that all circles in Russian society pay attention to and speak highly of the development of Russian-Chinese ties. He expressed the belief that prospects for these ties are bright.

Shakhrai and his party arrived here yesterday at the invitation of China's State Nationalities Affairs Commission.

Ismail Amat, Chinese state councillor and minister in charge of the state nationalities affairs commission, and Russian Ambassador to China Igor Rogachev were present at the meeting.

### Southeast Asia & Pacific

#### **Cambodia's Sihanouk Admitted to Beijing Hospital**

OW1507154793 Tokyo KYODO in English 1517 GMT 15 Jul 93

[Text] Beijing, July 15 KYODO—Cambodian head of state Prince Norodom Sihanouk arrived in Beijing from Phnom Penh on Thursday [15 July].

Sihanouk, who left the Cambodian capital earlier in the day, was originally due to visit North Korea first but changed the schedule because of health reasons, Sihanouk's aides said.

Diplomatic sources said Sihanouk has been admitted to a Beijing hospital to receive medical treatment. The nature of Sihanouk's illness and his condition are not known.

#### **NPC Chairman Meets Envoys of ASEAN States**

OW1607103093 Beijing XINHUA in English 1014 GMT 16 Jul 93

[Text] Beijing, July 16 (XINHUA)—China's parliamentary leader Qiao Shi, who will start an official goodwill visit to five ASEAN (Association of South-East Asian Nations) nations next week, met here this afternoon with Beijing-based envoys from those countries, saying he expects the trip to achieve success.

Qiao, chairman of the Standing Committee of the National People's Congress, said China and the ASEAN nations are close neighbors enjoying a traditional friendship.

In recent years, he said, China's relations with these nations have made smooth progress, with frequent exchanges of visits by high-ranking leaders, closer contacts between the parliaments and rapid growth of mutually beneficial cooperation in all fields, economic and trade ties in particular.

Qiao said he will go on the trip, his first to the ASEAN countries, with full confidence that it will serve to enhance mutual understanding, increase the exchange and cooperation between the parliaments and promote China's friendly ties with those countries.

Ambassadors of Indonesia, the Philippines, Malaysia and Singapore and a minister of the Thai Embassy expressed the wish and conviction that Qiao's visit will be a complete success. The envoys said their leaders and peoples are looking forward to Qiao's trip.

#### **Thailand's Prasong Leaves Shanghai for Sichuan**

BK1507131793 Bangkok Voice of Free Asia in Thai 1030 GMT 15 Jul 93

[Text] Foreign Minister Squadron Leader Prasong Sun-siri and his entourage, comprised of 17 businessmen and



a number of officials from the Foreign Ministry and agencies in charge of international economic affairs, are on a visit to China from 11 to 17 July. The foreign minister and his delegation visited the Pudong Development Zone of Shanghai on 13 July and were briefed on the development project by (Wang Xipei), deputy director of the Pudong Development Zone. The Pudong Development Zone provides better investment incentives than other special economic zones in China. Pudong, located on the west bank of Huangpu River of Shanghai, is a new development zone with special investment incentives for foreign investors. Major foreign investors who have invested in this zone are from Taiwan, Hong Kong, Macao, the United States, Japan, the European Community, and over 30 other countries. The Charoen Phokkaphan Group has invested in two major projects in this area: a motorcycle manufacturing factory and a land development project, which covers an area of 400,000 square meters with an investment of 2 billion U.S. dollars. This land development project will be one of the best construction projects in China.

On the same day, Thai businessmen met with their Chinese counterparts for talks on joint investment. The two sides agreed that there are more opportunities for cooperation. They will make further contacts in this regard.

The foreign minister hosted a return luncheon in honor of the Shanghai deputy mayor and 30 other high-ranking officials. The foreign minister and his delegation left Shanghai in the evening for Chengdu, Sichuan Province. The delegation was welcomed at the airport by the secretary of the Sichuan Provincial Chinese Communist Party Committee.

#### Second Thai Trade Delegation To Visit 17 Jul

OW1607082693 Beijing XINHUA in English 0755 GMT 16 Jul 93

[Text] Bangkok, July 16 (XINHUA)—Another big Thai trade delegation will visit China during July 17-20 to discuss business opportunities there, it is learned here today.

The 30-member delegation, to be led by Chairman of the Board of Trade of Thailand and Thai Chamber of Commerce Suwit Wanglee, consists of representatives of the textile, rubber, banking, real estate, fishing, deep-sea port, ceramics and surveying sectors.

In Beijing, this trade mission will meet China's Minister of Foreign Trade and Economic Cooperation Wu Yi and other trade officials.

After visiting China, the mission will proceed to Mongolia for a three-day visit.

This is the second Thai trade delegation to visit China this month. The first one, led by Foreign Minister Prasong Sunsurin, now is visiting southern China, including Guangzhou and Shanto.

#### West Europe

#### Chen Xitong Meets German Cultural Donor

SK1607095293 Beijing BEIJING RIBAO in Chinese 15 Jun 93 p 1

[Text] Chen Xitong, secretary of the Beijing municipal party committee, met with Mr. Waust [name as transliterated], chairman of the board of directors of the German Hangau [name as transliterated] Group, and his party in the Beijing room of the Great Hall of the People on the evening of 14 June. Both sides held a cordial talk on repairing the Great Wall and on economic and trade cooperation. He Luli, Bai Jiefu, Wang Lixing, and Lu Yu as well as cultural relic experts Shan Shiyuan and Luo Zhewen were present at the meeting.

Chen Xitong praised the German Hangau Chemical Industrial Group for its donation for the repair of the Great Wall. He said: The Great Wall was a defensive facility in the past. Although it has become a historical museum, it plays an important role in the education of later generations. As China is conducting economic construction, it needs a peaceful environment and exchanges with other countries in economy and other fields. Relations between China and Germany are very good, and cooperation has been very successful. We hope that the Hangau Group will conduct even more extensive economic and trade cooperation with China, and we particularly welcome investment in Beijing.

The visit was the first China visit of Mr. Waust. He said with excitement: We were deeply moved to attend today's unveiling ceremony for the monument for the repair of the Great Wall and the personal tour of the Great Wall. I was able to witness the distant source and long stream of Chinese history on the one hand, and, on the other hand, feel the greatness of humanity. Repairing the Great Wall, cherishing cultural relics, and protecting the environment mean ardent love for life. The Hangau Group will not only make contributions to protecting cultural relics but also devote more efforts to economic cooperation between China and Germany.

At a reception hosted by the Great Wall Support Committee to thank the German Hangau Group for its donation for the repair of the Great Wall that evening, Vice Mayor He Luli and Mr. Waust of the Hangau Group gave ebullient speeches. Lu Yu, president of the Beijing Municipal Cultural Relics Protection Foundation, presented a certificate to appoint Mr. Waust as an honorary director of the Council of the Beijing Municipal Cultural Relics Protection Foundation. With the approval of the State Council, Wang Jinlu, director of the municipal cultural relics bureau, presented a brick from the Great Wall built in the Ming Dynasty to the Hangau Group on behalf of the cultural relics bureau.

**French President on 'Adequate' Nuclear Deterrence**

OW1507041693 Beijing XINHUA in English 0317  
GMT 15 Jul 93

[Text] Paris, July 14 (XINHUA)—French President Francois Mitterrand said on Wednesday (14 July), the national day of France, that France already has an adequate nuclear power for deterrence and that it is not going to be engaged in a nuclear run-and-catch game with other nuclear powers.

"In quantity, we don't have the (nuclear) force comparable to those of Russia ... and even Ukraine. But the problem is not to catch up. This will be beyond our strength and means," he said in a television interview.

He said what is important is to maintain enough nuclear power that can play the role of strategic deterrence against "anybody who dares to attack us." "We have attained that for years," he said.

"If another country resumes its (nuclear) tests, France will resume its tests immediately so that it won't find itself in a situation of weakness in a great conflict between the nations," he said.

Mitterrand said France would maintain a moratorium of nuclear testing on July 4 after the U.S. President Bill Clinton signed a decree ordering a moratorium of nuclear testing in his country until last September 1994. [sentence as received]

But Mitterrand did not specify the period of the moratorium.

The French Defense Minister Francois Leotard hinted earlier this week that France might resume nuclear testing this year to guarantee its capacity for nuclear deterrence.

Prime Minister Edouard Balladur has also set up a group of experts to investigate the real nuclear deterrence capacity of France, in fear of any of its weakening by the moratorium.

### Political & Social

#### Paper on 'Inside Story' of Calling Third Plenum

HK1507121593 Hong Kong CHENG MING in Chinese  
No 189, 1 Jul 93 pp 8-10

[Article by staff reporters Lo Ping (5012 0393) and Li Tzu-ching (2621 5261 0079): "Inside Story About Third Plenary Session's Twists and Turns"]

[Text] The CPC hierarchy is bedeviled by the issue which is neither too big nor too small: Should the Third Plenary Session really be convened ahead of schedule? Between mid-May and mid-June, the convening of the Third Plenary Session experienced many twists and turns: Convening it ahead of schedule—putting it off—discussing the matter all over again?

The Third Plenary Session of the 14th CPC Central Committee was originally set to be convened in October. Afterward, quite a few bigwigs maintained that it should be held before the due date, but a few people expressed their disagreement on the grounds that the preparatory work had not been completed. The issue was brought before Deng Xiaoping, who decided that the session be convened a bit earlier.

At a routine meeting of the Political Bureau on 7 June, Jiang Zemin relayed to the attendees the remarks of Deng Xiaoping on the preparatory work of the Third Plenary Session of the 14th CPC Central Committee. As disclosed by a high-level source, the remarks, which were made when Jiang Zemin and Hu Jintao reported to Deng in Qingdao on 30 May, contained Deng Xiaoping's views on the current political situation.

#### Deng Xiaoping Proposes To Convene the Third Plenary Session Ahead of Schedule

Deng Xiaoping said: "The deliberation on the convening of the Third Plenary Session is basically settling into shape. We had better convene it at an early date. We must not wait until there are many problems so that we have to resolve them by exchanging views at a meeting. This will bring about a greater impact, and we will be in a more passive situation. For resolving so many problems, it would be better if we keep each other informed through brief meetings. With regard to the understanding of some problems, it is impossible that every one will think exactly in the same way. I say that the current main danger in ideology within the party is still the "left" tendencies, but there are some people who do not agree with me. However, members of the Political Bureau and its Standing Committee, as well as those in the Secretariat must have basically united thinking, understanding, and steps on the major issues. Only in this way can we resolve the current main problems more properly and thoroughly."

It is very clear what Deng Xiaoping means—convening the Third Plenary Session earlier to seek unity of understanding on the current major problems. He believes that

only by basically reaching a common understanding can the problems be resolved. To seek unity of understanding, it is imperative to convene more meetings at the central level. The original words of Deng Xiaoping transmitted by Jiang Zemin are: "In the circumstances where conditions exist, members of the Political Bureau, state councillors of the State Council, and vice chairmen of the National People's Congress should personally lead a group of people to pay visits and conduct surveys at the grass-roots level with a view to keeping abreast of the situation there in the first instance, which is an extremely important order for the central authorities to formulate policies and resolve problems. In general circumstances, it is absolutely necessary for the central authorities to convene the central plenary sessions or central enlarged work meetings three or four times a year. We must not wait and hold meetings until there are piles of problems for a solution. This is liable to cause great disasters, as our party has had lessons before."

The last sentence reveals the urgency of convening the Third Plenary Session—prevention of "causing great disasters." What great disasters will there be? A report of the Central Secretariat has mentioned them.

#### The Lengthy 40,000-Character Report of the Secretariat on the Plenary Session

It is reported that the deliberation on the Third Plenary Session started at the beginning of May when the Secretariat submitted the "Report on Several Prominent Problems in Current Economic Construction and Development and in the Self-Building of the Party Leading Bodies" to the Political Bureau of the Central Committee. It has been learned that this report was drafted by Ding Guangen, Wen Jiabao, and Ren Jianxin, and submitted to Hu Jintao for finalization. The full text is as long as 40,000 characters, which is divided into five parts:

1. Leading cadres of the entire party must acquire a unified understanding on the current economic situation.
2. The work of party building and honest administration is a task which brooks no delay.
3. Prominent problems in the current economic development and their impact.
4. Relationship between central and local party and government leaders.
5. The most urgent problems of the masses in society urgently awaiting solution.

#### The Report Pointed Out That Disturbances May Break Out in Some Cities

It has been learned that the report quoted more than 10 copies of surveys with numerical data and material from a public opinion poll. The report pointed out that if we are unable to effectively curb runaway inflation, crack down on graft, corruption, and abuse of power within the

party, and institute an effective legal system to safeguard the people's interests and social order, it is highly possible that, affected by domestic and outside climate, political turmoil on a considerable scale may break out in some cities, factories, mines, and enterprises, and that local turmoil may even spread nationwide. At present, some factors for causing turmoil are gradually taking shape.

**The Third Plenary Session Has Been Moved Up to 11 July But Postponed Now**

After receiving the report of the Central Secretariat, the central authorities printed and issued it to the party committees of various central departments, commissions, and offices, and to various provinces, municipalities, and autonomous regions. Jiang Zemin also wrote a note to this effect: This is a report which is aimed at something and directed against current malpractices. It is written on good grounds and without empty words. Party committees of all departments and localities should sum up their experience and draw inferences about other cases from one instance in light of the situation in their own departments and localities. The crucial thing is that we must conscientiously resolve the problems and must not slacken our efforts and lower our vigilance.

At the executive meeting of the Political Bureau on 7 June, it was initially fixed that the Third Plenary Session of the 14th CPC Central Committee would be held on 11 July. At the same time, it was decided that Jiang Zemin head the leading group for the preparation of the Third Plenum, with Zhu Rongji, Liu Huaqing, and Hu Jintao as deputy heads.

The General Office of the CPC Central Committee immediately issued a circular to members and alternate members of the Central Committee advising them that the Third Plenum would be convened on 11 July.

However, in less than two weeks, the central office issued another circular on 19 June to the effect that after review by the Political Bureau, it was determined that the convening of the Third Plenum be postponed till further notice.

That is, the date of the meeting will be between 11 July and the end of October.

**Li Ruihuan Said That It Is Necessary To Wage a Tough Battle for the Building of Honest Administration**

To deliberate the important agenda of the Third Plenum, members of the Political Bureau Standing Committee went hither and thither. The issues that they stressed include: Seeking unity of understanding on the problems of economic development, heeding problems concerning party style and honest administration, finding a solution to the contradictions between the central and local authorities, and so on.

As early as mid-May when Li Ruihuan was on an inspection tour of Tianjin, he talked about the issue of

convening the Third Plenum of the 14th Central Committee at the newly elected Tianjin Municipal Party Committee Standing Committee meeting. He said: At the Third Plenum, we will sum up the reelection work of the party committees in various provinces, municipalities, and autonomous regions across the country and also the situation of national economic development in the first half of this year, and acquire a unified understanding on some conspicuous problems and focuses at present. Li Ruihuan said: The central authorities are drawing up a plan and organizing forces to wage a tough battle for party building and the building of honest administration. If we fail to resolve this problem properly and our party style is not remarkably changed, we, the party central authorities, cannot live up to the people's expectations.

**Zou Jiahua: Malpractices Have a Bearing on the Rise and Fall of the Communist Party**

When attending the meeting of Shanxi Provincial Party Committee Standing Committee on 21 May, Zou Jiahua said: A series of issues are pending a solution at the Third Plenary Session of the 14th Central Committee, which include: Some local party organizations have been going their own way toward the central policies and stipulations; local chauvinism, individualism, and anarchism are interfering with and undermining party leadership; the blind competition in speed and "high targets" is leading to a runaway situation in economic development; long-standing problems in party style and honest administration still exist; and so on. Zou Jiahua said: It is imperative to adopt firm and tough measures to storm malpractices within the party. This not only has a bearing on the success and failure of the four modernizations, but also a direct impact on the rise and fall of the Communist Party.

On 25 May, the General Office of the CPC Central Committee published Zou Jiahua's speech at the Shanxi Provincial Party Committee Standing Committee on its news bulletin.

**Hu Jintao: The Corruption of Party and Government Leaders Is a Dangerous Signal**

Hu Jintao, who is in charge of the routine work of the CPC Central Secretariat, called a meeting of provincial and city party secretaries from northern and northeastern regions in mid-May. His speech at this meeting was published on the news bulletin of the CPC Central Committee General Office on 22 May. Hu Jintao pointed out: The problems that exist in society of some provinces and autonomous regions are very serious. If we fail to do our work well and resolve the contradictions in good time, turmoil may break out in some areas at any time, and there may even be events of street riots on a larger scale. Hu Jintao said: The central authorities are collecting data from various directions for discussion and study so that we are able to firmly grasp the formulation of concrete measures for solution at the Third Plenary Session of the 14th Central Committee



which will be held ahead of time. In his speech reported on the news bulletin, Hu also said that this year has seen substantial increases of letters, telephone calls, and people appealing for help, which were addressed to the central authorities and Central Commission for Discipline Inspection, informing against party and government leaders, cadres in government organs, and their family members for seeking personal gain by abuse of powers, graft and embezzlement in defiance of law, bribe taking, blackmail, corruption, and degradation. This is a dangerous red signal as well as a warning alarm.

### **The Third Plenary Session—A Meeting that Will Eliminate Disasters and Misfortune?**

As seen from the data quoted above, the upcoming Third Plenary Session will place the solution of the problems and difficulties that occurred in the present economic work and the issue of an honest administration on its major agenda. The gravity and urgency of these problems have reached the critical point of possible "social unrest" and "political turmoil." These are what Deng Xiaoping called "great disasters." This is also the reason why Deng Xiaoping called for an early meeting.

A high-level figure said in private that the rapid economic growth and thrilling scenes at present are but short-term phenomena. Judging from the economic and political situation, we may say that there are crises everywhere. He said: At present, the ferocious conditions that everybody sees and knows include inflation, soaring prices, financial deficits, the wide gap between the rich and the poor, revolt of peasants, dissatisfaction of workers, instability of society, rampancy of graft and embezzlement, and others. If we are not in a position to resolve the economic problems or we cannot resolve them properly, there is the possibility of arousing political disturbances.

### **Leading Cadres at Various Levels Have Different Views on Political and Economic Problems**

This figure said: On the other hand, leading cadres at various levels have different views on the current political and economic problems, which include: Is economic growth overheated? Should it be cooled down? Should it be partly cooled down and generally warmed up? In what light should we view inflation and soaring prices? What attitude should we take toward the stock craze and real estate fever? How should we regard the free floating of renminbi regulatory prices?...There are different views and understanding among leading cadres at various levels. It is particularly outstanding that conflicts between central and local authorities are increasingly acute. For instance, the central authorities have instructed quite a few areas to curb the overheated economy, but many local officials resisted the orders and took "Quotations From Deng Xiaoping" as their weapons. It is interesting that Jiang Zemin was forced to fetch the "latest instructions" of Deng Xiaoping on "guarding against overheated economy and striving for economic results" to intimidate local officials.

### **Deng Xiaoping Determined the Postponement of the Session on the Special Train**

As no consensus on the major agenda for the Third Plenum could be reached by both the central and local authorities after stalling for a long time, the originally fixed date of 11 July for convening the Third Plenum ahead of time had to be put off.

Deng Xiaoping, who was "taking a rest for recuperation" in Lao Shan, Qingdao, Shandong, arrived in the summer resort Beidaihe on 19 June. When he passed through Tianjin on the evening of 18 June, he met the Standing Committee members of the Political Bureau on the special train. Afterward, Jiang Zemin relayed Deng Xiaoping's opinion on the convening of the Third Plenum at the Political Bureau meeting on 19 June. He said: "Comrade Xiaoping pointed out to all members of the Central Committee that although the present situation is favorable, yet we are not allowed to commit blunders in our policies and meaninglessly waste time. The crucial issue is that there must be unified thinking, understanding, and steps for the 300-odd members and alternate members of the Central Committee. Comrade Xiaoping proposed that since conditions have not matured and views are relatively divergent, the session had better be convened a bit later. If a plenum is held, we expect that practical problems can be resolved, and resolutions can be adopted for implementation. If our understanding differs and resolutions are merely read without intending to put them into practice, it will be senseless to convene a plenum." Jiang Zemin said: All cadres, from the central to local authorities, must acquire a unified understanding on the situation of economic development, transformation of mechanisms, banking reform, price hikes, rural problems, policies toward the United States, and so on. Otherwise, the central and local authorities will come apart, and the views among the 300-odd Central Committee members will diverge.

### **There Are Twists and Turns Before the Plenum Is Convened Which Shows That the Conflicts Are Sharp**

At a meeting attended by various CPC central departments, commissions, and offices held by the Secretariat recently, Hu Jintao said: "Regarding the Third Plenary Session of the 14th Central Committee, the opinion of the central authorities is that it will be convened when preparations are completed. If the preparatory work has not yet been finished, attention should be paid to getting it done and conditions for convening the plenum should be created. Once the plenum is convened, we should have the practical problems resolved."

Judging from the situation that twists and turns occur before the Third Plenary Session is held, there are really a lot of problems and sharp conflicts within the CPC, particularly within the CPC hierarchy, and between the central and local authorities. It is not in the least easy to seek unity in thinking, understanding, and steps.

The aforementioned cadre feels that even though the Third Plenary Session is held, a number of problems may not be thoroughly solved.

People believe that if political reform is not carried out now, the CPC will probably lose the opportunity to save itself.

**Jiang Zemin Shows 'Concern' About 'Fake News'**

HK1607034093 Hong Kong THE STANDARD in English 16 Jul 93 p 6

[By Agnes Cheung]

[Text] Chinese Communist Party General Secretary Jiang Zemin has expressed great concern that a new magazine launched by the party's mouthpiece, People's Daily [RENMIN RIBAO], reprinted a Hong Kong article that was found to be a fabrication of paramount leader Deng Xiaoping's remarks on press reform. Mainland sources said the mistake committed by the Information and Hot Spots publication had led to its suspension, although only two issues of the magazine had so far been published by the newspaper's general editorial office.

The problem article was first carried in a Hong Kong monthly, the Mirror [CHING PAO], in its March issue, and it was written under the name of Zheng Delin, sources said. "In fact, the central authorities earlier circulated a notice of criticism on a newspaper in Tianjin for publishing fake news, after that paper reprinted the article," one source said.

The party boss raised the matter with Shao Huaize, director and editor-in-chief of the People's Daily, when he talked to Shao after his meeting with Regino Diaz Redondo, president of the Mexican newspaper Excelsior last week. Sources said Jiang had also brought up complaints made against a project launched by Time and Tide, a monthly organized by the domestic political department of the People's Daily. "Some provinces and military areas filed the complaints and questioned what right that magazine had in demanding that they supply it with information of cadres with deputy ministerial ranking and above for its compilation of a directory of the leaders of the third generation," a source said.

Shao was also reportedly asked by the party boss on the Customs investigation into a company run by the newspaper which allegedly sold passports to seven peasants illegally. He was asked about the arrest of the newspaper's journalists accused of accepting bribery in the case of the Great Wall Industrial Group's rampant fundraising. "People's Daily is the party's mouthpiece so it cannot take making money as the principle thing," Jiang said. The party boss said that if the newspaper lacked funds, more subsidies from the public finance could be provided. He also said that the People's Daily should expand its number of pages and provide more information.

**Article Emphasizes Combating Corruption**

HK1507153593 Beijing FAZHI RIBAO in Chinese 17 Jun 93 p 1

[Article by staff reporter Han Yanrong (7281 3601 2837) and staff correspondent Peng Wenyao (1756 2429 5069): "Beating the Drum Again for Combat Against Corruption—Reports From Discipline Inspection and Supervisory Departments"]

[Text] I. Unquestionably, making major efforts to improve party style and run a clean administration and carrying out a profound struggle against corruption are becoming the work focus of all levels of discipline inspection and supervisory organs. After merging their offices, the Central Discipline Inspection Commission and the Ministry of Supervision will further strengthen their inspection of party discipline, improve their administrative supervisory functions, concentrate their efforts on improving party style and running a clean administration, oppose corruption, and ensure smooth economic construction. The Central Discipline Inspection Commission and the Ministry of Supervision stressed that they will concentrate their efforts on examining and handling serious cases of abusing power for personal gain, corruption, accepting bribes, degeneration, and other violations of law and discipline in leading organs, among leading cadres, in economic management departments, in law enforcement and supervisory departments, and among working personnel, to carry out the struggle against corruption more profoundly.

In early February, the Central Discipline Inspection Commission issued a notice on the relevant leaders of Yichang City, Hubei Province, who were held responsible for discipline violations, demanding strict prohibitions on undue promotions of cadres and arbitrary presentation of cash and material awards.

In mid-March, the Central Discipline Inspection Commission held a forum in Nanjing on discipline inspection and supervisory work, during which it proposed that discipline inspection and supervisory departments should regard combat against corruption as their work focus.

At the end of April, Wei Jianxing, secretary of the Central Discipline Inspection Commission, went to Shandong Province for investigation, during which he stressed that in the current struggle against corruption, first, corrupt elements must be severely punished; and, second, negative and corrupt practices in party and government organs must be resolutely overcome. Attention should be paid to taking precautions and providing education, and efforts should be made to cure the disease by looking into its root cause and symptoms.

In early May, the CPC Central Committee Office and the State Council Office issued a joint circular strictly prohibiting acceptance and presentation of gifts and negotiable securities in the vocational activities of working personnel in party and government departments and

also clarifying that those who violate this prohibition will be resolutely held responsible.

During a discussion with National Defense University cadets in early June, General Secretary Jiang Zemin said that running a clean administration and waging a resolute struggle against all kinds of corrupt practices are important strategic tasks set by the 14th CPC National Congress for the entire party to fulfill, adding that everyone should be determined and make great efforts to produce results in this respect.

In 1993 China has beaten the drum again for combat against corruption.

II. This reality should be acknowledged: Negative and corrupt practices are still spreading in party and government departments at all levels and among leading cadres.

A report from the Central Discipline Inspection Commission indicates that corrupt practices have manifested themselves in all kinds of forms. First, economic offenses violating law and discipline, including corruption and acceptance of bribes, are quite prominent. Second, acting wrongly out of personal considerations, embezzlement, and law executioners breaching law can frequently be seen. Last year discipline inspection departments in Henan Province handled 4,128 such cases, 10.4 percent of the total lawsuits filed; some public security personnel took advantage of their power over household registration, passports issuance, and vehicle licenses to extort money from others to line their pockets. Third, blackmailing, taking food from others at will, forcing others for everything one wants, and imposing strangleholds on others frequently occur. Many enterprises reported that now the behavior of some functional departments' personnel is rude and their style is arrogant; if they find something disagreeable, they will create difficulties, so enterprises are tired of dealing with them. The fourth is running around demanding official positions and appointing people by favoritism. Some leaders' malpractices in selecting and appointing cadres have objectively resulted in some people running around demanding official positions and even buying official positions. "A talented one is inferior to one who can ask for an official position, and one who can ask for an official position is inferior to one who can run around demanding an official position." This is how the masses express their dissatisfaction over these malpractices. The fifth is spending public money willfully and practicing extravagance and waste. This mainly finds expression in using public money to entertain guests, to present gifts, to buy high-class cars, to decorate homes above standards, and to install private telephones. Apart from these, some party members have degenerated, have become demoralized, are bureaucratic, delinquent, and malfeasant, and like to practice fraud and bully the masses. These exist in varying degrees.

Corruption has manifested itself in more forms, followed by an increase in the amount of money obtained by violating law and discipline. In the past, money obtained

from acceptance of bribes ranged from several hundred to several thousand yuan, but now it has increased to tens of thousands or even more. If these corrupt practices are allowed to continue, it will be difficult to proceed with reform, and the economy will not be able to take off either.

III. Punishing corruption and strengthening clean administration have become the masses' common wish and strong appeal.

Days ago these two reporters learned from the Central Discipline Inspection Commission that now all levels of discipline inspection and supervisory departments throughout the country are actively taking measures to wage a resolute anticorruption struggle and will earnestly ensure the implementation of this task and its positive results.

The main experiences and methods of localities are as follows: First, they pay attention to key issues in combat against corruption, with the focus on strengthening clean administration in leadership organs and groups. Many localities have taken honesty in performing one's official duties as an important criterion and basis to assess and appoint party members and cadres, and have practiced the system of "one-vote veto on dishonesty." Those who are involved in corruption, connive at, or harbor corruption will be resolutely dealt with. Second, they accurately ascertain the breakthrough point in the struggle against corruption and ensure the implementation of this struggle by examining and handling some major cases. In particular, they examine and handle serious violations of law and discipline in leadership organs, among leading cadres, in economic management departments, in law enforcement and supervisory departments, and among their personnel. The check cases like abusing power for personal gain, acceptance of bribes, acting wrongly out of personal considerations, practicing irregularities, and blackmail.

However, the practice of these localities also proves that to really eliminate corruption and strengthen clean administration, the most fundamental thing is to rely on the legal system and reform. Some localities have achieved very good results in the struggle against corruption by strengthening the formation of systems, rules and regulations, by using law and discipline to standardize and supervise the words and deeds of party members and cadres, and by establishing and improving power restriction and precaution mechanisms. On the other hand, problems emerging in the course of reform should be resolved by deepening reform and developing the economy. Since the lifting of commodity price controls, reforming the housing system, and transforming government functions, some localities have seen less malpractice such as abusing power for personal gain. Therefore only by deepening reform, developing the socialist market economy, and eliminating the soil for the emergence and spread of corruption, will we really achieve positive results in the struggle against corruption.



### Customs 'Steps Up' Counternarcotics Fight

HK1607075093 Beijing RENMIN RIBAO in Chinese  
27 Jun 93 p 4

[Report by Zhao Dongsheng (6392 2639 3932): "Chinese Customs Steps Up Interception of Transit Drugs, Seizing 82.6 kg of Drugs Between January and May This Year"]

[Text] China has done remarkably well in cracking down on drug trafficking through its territory. In 1992, customs houses across China unearthed 32 cases of drug trafficking and seized 147.456 kg of drugs of various kinds. From January to May this year, customs houses across China unearthed 32 cases of drug trafficking and seized 82.6 kg of drugs of various kinds.

In recent years, drug trafficking through China has become increasingly serious, and the number of drug-trafficking cases exposed by customs have increased with every year. Drug traffickers discovered and arrested include those from the UK, Thailand, Vietnam, South Korea, Burma, Hong Kong, Macao, Taiwan, and the mainland. It is becoming an obvious characteristic that drug crimes are committed in groups and as a profession, and armed drug trafficking has now emerged as well.

In light of the seriousness of drug trafficking, China's customs has adopted measures to strengthen the interception of transit drugs in keeping with customs' work principle of "stopping the sources and intercepting the flows," and customs in various localities have set up counternarcotics teams. Customs houses in Kunming, Kowloon, and Beijing have set up bases for training dogs to be used in the counternarcotics effort. Since the beginning of this year, Kunming's customs house has used dogs to unearth two drug cases. Some customs houses have acquired drug testing equipment, including rapid drug-detection tubes [kai su jian du shi quan 1816 6643 2914 3021 6107 4619] and thin layer analyzing boxes [bo ceng fen xi xiang 5631 1461 0433 2649 4630]. Two customs houses have built laboratories to improve their drug analysis capability. China's customs service has also strengthened counternarcotics cooperation with their counterparts in various countries and regions, including South Korea, Japan, the United States, the UK, and Hong Kong.

### Yunnan, Guizhou, Guangzhou Execute Traffickers

HK1607094993 Beijing RENMIN RIBAO in Chinese  
27 Jun 93 p 4

[RENMIN RIBAO and XINHUA news roundup: "Drug Traffickers Were Executed in Yunnan and Other Localities; Anti-Drug Exhibitions Were Held in Shantou and Hunan"]

[Text] Prior to International Drug Prohibition Day, some localities in China severely punished drug traffickers, destroyed drugs, and extensively conducted drug prohibition propaganda.

Guizhou sentenced a number of drug traffickers on 25 June and executed three major drug traffickers: Huang Wei, Fan Mingdian, and Qin Zhenzhi. From January to May this year, the province unearthed 389 drug smuggling cases, arrested 561 drug traffickers, seized a large amount of heroin and opium, and destroyed more than 200 underground drug centers.

On 26 June the Guangzhou Intermediate People's Court pronounced the death penalty on nine drug traffickers, including Ye Chunming, with the approval of the Higher People's Court. After the pronouncement, Ye Chenming and others were escorted to the execution ground to be executed by shooting.

On 26 June penalty pronouncement and propaganda meetings were held in Yunnan to commemorate 26 June International Drug Prohibition Day. Twenty-eight serious drug traffickers in Kunming were executed by shooting according to law. On behalf of the Yunnan Provincial CPC Committee and Government, He Zhiqiang declared at the Yunnan provincial and Kunming City anti-drug meeting that drug prohibition will not stop until drugs are all eliminated. From January to May this year, Yunnan Province cracked more than 1,500 drug smuggling cases, seized 1,400 kg of heroin and other drugs, and arrested more than 2,400 drug criminals from the rest of the country, Hong Kong, Macao, and Taiwan.

On 26 June the Xian City Intermediate People's Court held a meeting to pronounce the death penalty on nine drug criminals including Tong Zhuotang, Lu Yuran, and Li Xinwen for selling, transporting, and manufacturing drugs. Criminal Tong Zhuotang sold more than 10,000 grams of opium to others on 18 occasions, from which he gained 11,945 yuan. A drug-smuggling gang headed by Li Xinwen and Lu Zhongrong sold and transported a large amount of drugs, and Li Xinwen alone smuggled 3,127 grams of drugs. Criminal Lu Yuran bought morphine in Yunnan and sold it in Xian City.

On 25 June the Shantou City Anti-Drug Commission held an on-the-spot meeting for the first time to destroy drugs. This was some of the drugs seized by Shantou City law enforcement departments, weighing more than 40,000 grams, most of which was heroin.

Hunan Province began to hold an anti-drug exhibition on 25 June, during which all kinds of tragedies and crimes resulting from drug addiction were exhibited. Video tape viewing was also available in the exhibition hall.

### Science & Technology

#### PRC To Launch 3 More Overseas Satellites

OW1507144993 Beijing XINHUA in English 1431  
GMT 15 Jul 93

[Text] Beijing, July 15 (XINHUA)—China will launch three more overseas satellites in 1994 and 1995, according to a spokesman for the China National Aerospace Administration.



At a press conference on the exhibition of pictures and souvenirs of China's international commercial aerospace launching services, titled "The Rising Dragon", to be opened here Friday [16 July], the official said that China will use "Long March" carrier rockets to launch a telecommunications satellite for the Asia-Pacific Satellite Telecommunications Co. Ltd based in Hong Kong in June, 1994, the Asiasat 2 communications satellite for the Asia Satellite Telecommunications Co. Ltd in the first three months of 1995, and the 4.8-ton Intelsat 7a telecommunications satellite for the International Telecommunications Satellite Organization in October 1995.

Since 1985, when the Chinese Government announced that it was bidding for satellite launches, China has established business relations with over 100 firms, research institutes and international organizations based in 36 countries and regions. It has successfully launched the Asiasat 1 communications satellite for the Asia Satellite Telecommunications Co. Ltd, two scientific experimental satellites for Pakistan and Sweden, and two telecommunications satellites for Australia.

However, the official pointed out, China is still weak in the international market for satellite launches. In the three years from 1993 to 1995 a total of 55 international satellites will be launched, but China has only won three contracts.

#### Shanghai Establishes Gene Treatment Center

OW1507130293 Beijing XINHUA in English 1252 GMT 15 Jul 93

[Text] Shanghai, July 15 (XINHUA)—China's first human gene treatment center was established recently in Shanghai, the largest industrial and commercial center in the country.

The center will begin treating Overseas Chinese patients suffering from malignant tumors in 1994.

Molecular biological therapy, which aims to cure patients by replacing the ill-functioning genes in their bodies with normal genes, will be adopted in the treatment, according to Chen Sishu, director of the center.

The center will start with the treatment of malignant tumors and hemopathy, Chen said.

It will also deal with hereditary diseases, immunodeficiency diseases and other ailments sometime in the future, he added.

The treatment center is jointly sponsored by the Shanghai No. 2 Medical Science University, the Shanghai Immunology Research Institute and the Ruijin Hospital.

#### 'Newsletter' Profiles Defense Computer Lab

OW1607102793 Beijing XINHUA Domestic Service in Chinese 0819 GMT 21 Jun 93

["Newsletter" by XINHUA reporter Cao Guanghui (2580 0342 2547) and correspondent Mao Liangcai (3029 5328 2088): "The Pioneer in Key Scientific and Technological Projects: Notes on the National Defense Science and Technology University Computer Research Center"]

[Text] Changsha, 21 Jun (XINHUA)—The National Defense Science and Technology University [NDSTU] Computer Research Center, renowned domestically and internationally for its invention of the "Galaxy" series 100 million calculations-per-second [cps] computer and the series' 1-billion-cps parallel computer, is a center which combines the functions of computer-related education, scientific research, production, and services to make tremendous contributions to our country's national defense and national economic construction. It was recently conferred the honorary title of "Pioneer in Key Scientific and Technological Projects" by the Central Military Commission.

#### The Five Leaps

The passage traversed by the NDSTU Computer Research Center epitomizes the development and growth of our country's computer sector. Five leaps—each initiated and completed by scientific research personnel in this center—were made in a period of more than 30 years, during which our country progressed from computers with electronic tubes to those with transistors, and from large-scale computers with integrated circuits to supercomputers and parallel general purpose supercomputers.

In 1958, this scientific research group of fewer than 10 people started its difficult hike toward the construction of our country's first special-purpose electronic tube computer with almost no materials or practical experiences as reference. It was the first to use Chinese-produced transistors to build the 441B-I series computer in 1962—an invention which sped the birth of new computer generations in our country. In 1970, it utilized Chinese-produced integrated circuits to build the 151-IV series computer, which was at that time the fastest large-scale computer with the largest storage capacity. The computer performed superbly when handling data processing for test firings of carrier rockets over the waters of the Pacific Ocean and underwater test firings by submarines. The group succeeded in building the Galaxy series 10-million-cps computer on December 1983, propelling our country into the rank of a handful of countries in the world which were capable of building large-scale computers. It built our country's first 1 billion-cps general-purpose parallel supercomputer, the "Galaxy- II," in November 1992. The supercomputer, whose integrated data processing capacity reached world advanced standards of the mid-and late eighties, emerged ahead of the competitions for the nation's

top-10 scientific and technological achievements and for top-10 electronics achievements, both conducted during that period.

Following the invention of the Galaxy series 10-million-cps computer and the Galaxy series 1-billion-cps computer, the group invented a series of scientific and technological achievements which filled relevant gaps in our nation, such as the world-standard Galaxy series all-digital simulator, the Galaxy-series superminicomputer, and the Galaxy-series intelligent tool machine. For the period starting in 1984 alone, it has achieved successes in over 200 scientific research items—most of them state-, provincial-, or ministerial-level awards winners—and played a pioneering role in bringing in new generations of computer technologies and in catching up with world advanced standards.

#### **Make Innovations With Keen Determination**

Why can the NDSTU Computer Research Center scale one height after another in the realm of computers? The main reason is that it boasts a number of leaders and academic pioneers with foresight and sagacity, and has a long-standing combat style characterized by "eagerness to make progress and courage to scale heights."

In the early sixties, shortly after China developed an electronic tube computer, the transistor computer was marketed abroad. At that time, though the electronic tube computer model was finalized and many contracts were signed for its production, the transistor was just successfully developed in China and its functions were still unstable. Instead of being reluctant to part with the ease and comfort at hand, Professor Ci Yungui, founder of the center, prevailed over all dissenting views and resolutely started developing China's first all-purpose transistor computer. After three years' hard work, China's second generation of computer with satisfactory functions was finally developed.

"Let us do a first-rate job if we want to do any job. We will never balk at any risks or difficulties!" This was the guide for action adhered to by Professor Chen, Professor Zhou, and other second-generation leaders of the center in scientific research. According to a contract signed with the State Meteorological Center, the "Galaxy-II" host computer was only a monoprocessor with a bidirectional capacity array. The plan was easy to carry out and could meet the contract's requirements, but it still fell far short of the world's advanced level. Chief designer Professor Zhou and others were unwilling to handle this "cushy job." They were considering that the development of a supercomputer was a gigantic project that would require years of effort; that those who were engaged in its research and development must have a century-spanning, forward-looking consciousness as well as the courage and determination to take risks and to innovate; and that only thus could they narrow the gap between the level of China and that of the world's advanced countries as much as possible. Therefore, they made a series of important technological decisions and

drew up a plan for a dual processor with a bidirectional capacity array. Shortly after that, they learned that some countries had already developed multiple processors capable of higher performance. They gave themselves a hard nut to crack. They revised the original plan without hesitation, and decided to change the dual processor with a bidirectional capacity array to a quadruple processor system. Thus, every phase of [the development of] the "Galaxy-II," from system design to logic design and from engineering design to state-of-the-art assembly technology and the testing of hardware and software, made very great progress. Almost every technology was raised to a new level. As a result, its comprehensive processing capabilities were greatly enhanced.

#### **Forge Ahead Courageously Through Arduous Effort**

The NDSTU Computer Research Center had an indissoluble bond with self-reliance and the practice of plain living and hard struggle since the day it was established. They were the powerful weapons that enabled it to be all-conquering on the way to forge ahead.

Only one researcher was a computer expert when the center developed China's first generation of electronic tube computers in 1958. They had no scientific or technological data, lacked the necessary knowledge about computers, and merely got enlightenment from some science propagation material. "Though they knew there were tigers on the mountain, they deliberately walked up it." While sending some people to the Chinese Academy of Sciences Computer Research Institute to study and survey, they boldly conducted practice to "learn warfare through warfare." It took them only six months or so to design and produce China's earliest special-purpose electronic tube computer. It signified that China took a gratifying step toward the most advanced technology of the world, and was praised by Premier Zhou Enlai and Chairman Zhu De. Later, these pioneers became the second generation of leaders and backbone of the technological contingents of the NDSTU Computer Research Center, and self-reliance as well as the practice of plain living and hard struggle became the cherished heritage continuously carried forward by the center.

The present is superior to the past as the NDSTU Computer Research Center rapidly expands its operations. It has more staff, more outlays, and greatly improved conditions; and enjoys a higher reputation. Nevertheless, the researchers still constantly bear in mind the pioneering of an enterprise through arduous effort, and pay attention to saving every copper coin for the state. Though the state allocated 200 million yuan renminbi for the center when it undertook the "Galaxy-I" project, they tried every possible means to cut expenses and completed the project at only 40 million-plus yuan by relying on hard work, solid work, and ingenuity. When they undertook development of the "Galaxy-II" [supercomputer] and were signing a contract with the user, the latter was willing to invest only 34

million yuan renminbi though it would take approximately \$100 million for the development of a similar supercomputer by foreign countries. They taught the research and development personnel to understand the difficulties confronting the state, persist in careful calculation and strict budgeting, and practice strict economy wherever possible. To use the limited outlays where they were needed most, they did not hesitate to spend more time and effort on developing a printing plate flow measuring instrument, a test desk for logic plug-in boards, a retina test desk, and various other test equipment to replace imported equipment, thereby economizing more than 3 million yuan's worth of outlays. Meanwhile, they made efforts to reduce costs by optimizing design, reforming technologies, tapping the potentials of equipment, and implementing scientific management. As a result, they economized a large amount of outlays, and effectively enhanced the machine's cost performance. In the development of the supercomputer, the Western developed countries produced a result of 53 floating points per second at \$1, whereas the "Galaxy-II" project produced a result of 86 floating points per second at \$1. They set a new record of the ratio between scientific research's economic returns and investment being higher than that of the developed countries by 30 percent. This new record that they set by relying on the practice of plain living and hard struggle was believed by many experts to be a "miracle," which added luster to the "Galaxy- II" supercomputer's birth.

#### **Hu Jintao Calls Rural Scientists 'Major Force'**

*OW1507153293 Beijing XINHUA in English 1458 GMT 15 Jul 93*

[Text] Beijing, July 15 (XINHUA)—Young people in the countryside are the major force for accelerating technological progress and should be mobilized to boost science and technology in the rural areas so as to promote the agricultural sector and develop township enterprises.

Hu Jintao, a member of the Standing Committee of the Political Bureau of the Chinese Communist Party (CPC) Central Committee and also a member of the CPC Central Committee Secretariat, made this remark here today when meeting with a group of representatives attending the national work conference of leading youngsters carrying out the Spark Program, a national program to spread farm technology.

Some of the representatives also spoke at the informal discussion with Hu and other ranking state and party officials, including Wen Jiabao, another member of the Secretariat, and Song Jian, minister of the State Science and Technology Commission. Li Keqiang, first secretary of the Chinese Communist Youth League, presided over the talks.

Hu told the participants that China's economic situation is good in general, though some eminent contradictions and problems have emerged, and the Central Government has adopted a series of effective measures to solve these problems.

He urged the young scientists to act in accordance with the Central Government's policies. He called on them to "actively, comprehensively and correctly implement Deng Xiaoping's important remarks made early last year and the spirit of the 14th party congress", and "adhere to the integration of ideological emancipation and seeking truth from facts" so as to take advantage of the present good opportunities to speed up the reform and opening-up, and to achieve a sustained, rapid and healthy economic development.

The task of spurring rural economy depends on technological progress, which makes it incumbent on scientists in the countryside to make special efforts, he noted.

Hu spoke highly of the activities of the young Spark Program leaders, calling it a project to promote technological progress and to bring up century-striding gifted and able people in the countryside.

He also urged all rural youngsters to work and study harder, and to "arm themselves with Deng Xiaoping's theory of building socialism with Chinese characteristics" in a bid to help more farmers become prosperous through application of farm technology.

Young rural people should inherit and display such good traditions as those of hard work and thrift. At the same time they should firmly oppose decadent concepts such as hedonism, money-worship and individualism, Hu said.

#### **Military**

#### **Hubei Secretary Discusses Double-Support Work**

*HK1607001293 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 8 Jul 93*

[Excerpts] A forum of Hubei provincial party, government, military, and police force leaders sponsored by the provincial government and provincial military district was held in Donghu Hotel, Wuchang, on the morning of 7 July. The participants, centering round studying the spirit of the instructions issued by the CPC Central Committee and the Central Military Commission on further improving double-support work, shared their views and experiences on building even closer relationships between the military and civil administration and among the military, the police force, and civilians; cementing the unity between the military and civil administration and among the military service, police, and civilians; safeguarding social stability in our province; and ensuring the reform, opening up, and development of the socialist market economy. They spoke out freely and earnestly, and the meeting was filled with a warm atmosphere that indicated that the military and civil administration, the military and the police force, and the military and civilians are as close as fish and water.

The forum was presided over by Hui Liangyu, deputy secretary of the provincial CPC committee and



chairman of the provincial committee of the Chinese People's Political Consultative Conference. Liu Rongli, member of the standing committee of the provincial CPC committee and secretary of the provincial judicial and procuratorial committee, relayed the advice of the standing committee of the provincial party committee on cementing unity between the military and civil administration and between the military and civilians. Liu Guoyu, member of the standing committee of the provincial party committee and commander of the provincial military district, gave a special speech on the basic status of the relationship among the military, police, and civilians in recent years and on advice and suggestions for cementing military-police-civilian unity. [passage omitted]

Guan Guangfu, secretary of the provincial CPC committee and chairman of the standing committee of the provincial people's congress, delivered an important speech at the forum. He said: It is necessary to further enhance understanding of the great significance of cementing the unity between the military and civil administration and between the military and civilians. We must obtain a better understanding of the great significance of cementing the unity between the military and police and between the military and civilians from the strategic perspective of social stability, national reinvigoration, and long-term order and stability of the country.

He noted: Cementing firm unity among the military, police, and civilians is required by the consolidation of national defense and protection of national security. The military and police at all levels must, with a strong sense of responsibility for the security of the state and the nation, work closely together; reinforce their unity; understand, accommodate, and support each other; jointly execute their duties well; and continuously make new contributions to protecting and developing the motherland and safeguarding social stability.

He said: Reinforcing firm unity among the military, police, and civilians is required by safeguarding social stability and winning a great victory in building socialism with Chinese characteristics. The military and police, as armed forces, shoulder the task of resisting foreign aggression and, on the domestic front, have the honorable responsibility of protecting the people. The People's Liberation Army, armed police, and public security organs, although they have different focuses in their duties, must strengthen cooperation. Only in this way can we, under the precondition of social stability, accelerate the pace of reform, opening up, and economic development and successfully accomplish the honorable and arduous tasks assigned to us by the party. Hubei is a famous old revolutionary region, with a glorious tradition of military-civil administration and military-civilian unity. The glorious tradition in the double-support work in Hubei is a precious asset of ours. Under the new circumstances, we must treasure and cherish the military-police-civilian relationship as we do our eyes and make the unity between the military and civil

administration and among the military, police, and civilians firmer and more enhanced.

Guan Guangfu said: The party, government, and civilians must all adopt a guideline which dictates that propelling the reform and opening up and developing the economy be the starting point and the objective. Party committees, governments, army units, and judicial and procuratorial organs at all levels must educate the broad ranks of party members and cadres, army officers and men, police officers and men, and the broad masses in conscientiously obeying and serving economic construction as the focus and consistently giving priority to the people's and state's interests. Only by so doing can we correctly handle the relationship among the military, police, and civilians, cement their unity, and promote the coordinated development of economic construction and defense building.

Army units stationed in Hubei have made important contributions to the building of the two civilizations in the province. Local party committees and governments at all levels and the general public must show concern for the development of the army, strengthen education in national defense, conduct activities of supporting the army and giving preferential treatment to families of revolutionary soldiers and martyrs, further develop the gratifying situation of mutual support and unity between the military and civil administration and between the military and the police, and give substance to our province's reform, opening up, and modernization as well as to the double-support work in our province.

Guan Guangfu said: It is necessary to further strengthen leadership, build a closer relationship between the military and civilians, and firm up their unity. The party, government, military, and police organs at all levels and their leaders must enter the strengthening of unity into their agenda, define responsibilities, analyze the situation and make arrangements on a regular basis, and make a good job of supervision and inspection. Double-support leadership groups at all levels must take the unity among the military service, police, and civilians as an important aspect of double-support work; strengthen inspection and supervision; spot good examples in time and publicize them; and commend advanced units and individuals, in order to carry out the work in greater depth and width. It is necessary to continue to conduct the activities of military-police and military-civilian jointly building civilizations and of jointly developing model cities and counties giving exemplary performance in double-support work effectively and in greater depth, to start a high tide of building closer ties among the military, police, and civilians, and further consolidate and develop a new type of relationship among them characterized by shared destiny and linked hearts. It is necessary to strengthen investigation and research, formulate and improve the relevant policies and regulations of reinforcing unity among the military, police, and civilians, and solve the new problems encountered in the unity under the new circumstances.

Comrade Guan Guangfu emphasized: Party and government leaders province-wide must, as always, continue to give thought and support to the building of the Army; enthusiastically help the Army solve practical problems in making war preparations, going on duty, conducting education and training, constructing defense projects, carrying out scientific research, and protecting military facilities; and help solve such practical problems as employment, schooling, nursery care, and housing for the families and children of soldiers. In the meantime, leaders at all levels and relevant departments must make further efforts to organize army units well to make new contributions to economic development and the maintenance of social stability. [passage omitted]

### Economic & Agricultural

#### Reportage on Light Industry Council Inauguration

##### List of Top 200 Ventures Published

OW1507131893 Beijing XINHUA in English 1302  
GMT 15 Jul 93

[By correspondent Li Zhurun]

[Text] Beijing, July 15 (XINHUA)—An official list of the 200 largest light industrial enterprises for 1992 was published today as part of an effort to encourage industrial efficiency.

The 200, chosen by the China Light Industry Council, make up only 0.5 percent of the country's light industrial enterprises. But last year they furnished 18.9 percent of China's light industrial sales and 39.2 percent of the profits and taxes turned over to the state by the entire industry.

"The yardstick for measuring the size of an enterprise is not its production value or how many people it employs," said a council official. "Rather, what matters is the economic efficiency of the enterprise, its sales volume and how much it contributes to the state revenue."

The list was distributed to the press at the council's inauguration today.

Among the "top 200" for 1992, the top four had sales volumes of more than one billion yuan each. In terms of profits and taxes, number one was the Shanxi Fenjiu Liquor Distillery, which turned over 300 million yuan to the government last year.

Among the 200 chosen as the biggest in 1991, only one had a sales volume of more than one billion yuan-worth in 1990 and none broke the 300-million-yuan mark in terms of financial contributions to the government.

It was last year that the authorities decided to publish an annual list of the "top 200" for the previous year.

#### Li Lanqing on Legal, Economic Means

OW1507140293 Beijing XINHUA in English 1329  
GMT 15 Jul 93

[By correspondent Li Zhurun]

[Text] Beijing, July 15 (XINHUA)—Vice-Premier Li Lanqing today called for increased use of legal and economic means to promote China's industrial development rather than purely administrative methods as in the past.

Li was speaking at a ceremony held to mark the founding of the China Light Industry Council, which has replaced the former Ministry of Light Industry. While continuing to retain some of the administrative powers of the former ministry, the council will guide light industrial enterprises mainly by coordinating production and providing information and other services.

Establishment of the Light Industry Council "represents a forward-looking step in restructuring government departments in charge of specific industries," the vice-premier said.

In the course of the restructuring, "all industrial departments under the State Council will provide overall guidance for the industries and greatly reduce the size of departmental staff," said Li. "This is a reform of great importance," he added.

Last month, the China Textile Industry Council was inaugurated. Li noted that the two former ministries were chosen to pilot the restructuring of the State Council's industrial departments.

Establishment of the two councils "does not mean a change in form, but a pioneering reform measure of far-reaching significance," the vice-premier said.

Setting up the Light Industry Council aims "to promote the development of China's light industry by increasing the use of laws, economic methods, policies and government decrees and of what amounts to agreements between enterprises."

Li Lanqing also conveyed greetings to the council from Premier Li Peng and Vice-Premier Zhu Rongji.

President Yu Zhen of the China Light Industry Council presided over and addressed today's founding ceremony. Senior Chinese officials, including Ni Zhifu, Wang Bingqian, Luo Gan, Yang Rudai and Hong Xuezhi, were present at the event.

#### Li Lanqing Visits Jilin, Stresses Foreign Trade

OW1507191693 Beijing XINHUA in English 1531  
GMT 15 Jul 93

[Text] Changchun, July 15 (XINHUA)—Vice-Premier Li Lanqing has called on strengthening micro-economic control and promoting foreign trade.

Li, also a member of the Political Bureau of the Central Committee of the Communist Party of China, made the call during his inspection of northeast China's Jilin Province from July 13 to 14.

Li took part in the ceremony marking the 40th anniversary of the founding of the No. 1 Motor Vehicle Plant, China's leading automaker, in this provincial capital and encouraged the plant to grow into an advanced auto industry group with mass production capacity in the next century.

During a discussion with officials from the province's foreign trade enterprises, Li said China's exports were not desirable in the first half of this year. He urged the foreign trade firms to increase the export volume in the following months.

Foreign trade firms should develop new markets and diversify their markets while maintaining the existing markets, Li said.

Li stressed that the quality of export commodities should be guaranteed. Credibility should be treasured as the lifeblood of foreign trade companies, he said.

During the transformation from a planned to a market economy foreign trade companies should set up incentive and responsibility systems to improve their competitive capacity, Li said.

He encouraged Jilin, a major agricultural province, to develop export-oriented farming.

#### **Li Lanqing Urges Expanding Export Trade**

HK1507141593 Beijing GUOJI SHANGBAO in Chinese  
13 Jun 93 pp 1, 3

["Summary of Speech by Vice Premier Li Lanqing at National Telephone Conference on Foreign Trade"]

[Text] It is imperative for us to hold this national telephone conference on foreign trade. We have scored great successes in expanding foreign economic relations and trade over the past few years, but we come across a number of problems in the export businesses this year. We must seek unity of thinking, heighten our awareness, and resolutely attach strategic importance to foreign trade so as to preserve the favorable momentum of the steady growth in our export businesses, thus making fresh contributions to opening up and the modernization drive.

On behalf of the State Council, I should like to raise three opinions in this respect.

#### **1. We should acquire an adequate understanding of the desperate situation in our export trade.**

Comrade Wu Yi has made an analysis of the situation of our foreign trade in the first five months of this year. I fully agree with her analysis. We came across many problems in export business this year. If we fail to solve

these problems, we will be unable to hit the export target for 1993. This is an important matter vital to overall interests.

Since the beginning of this year, our export businesses have not expanded as expected, resulting in a decrease in the state's revenues in foreign exchange. On the other hand, we have spent more foreign exchange than ever as a result of a rapid increase in imports. China has now an adverse balance of foreign exchange. This is the desperate situation we are now up against.

It goes without saying that a healthy development of foreign trade is of great importance to our economic development. The First Session of the Eighth NPC made a plan to increase the 1993 foreign trade volume to \$185 billion, up 11.7 percent, with the projected growth rate of export trade reaching 11.8 percent. This is an arrangement based on the overall requirements of our reform, opening up, and modernization drive. Only when we can increase our foreign exchange earnings, can we accelerate economic development and ensure that our people will live a comparatively comfortable life by the end of this century. To raise our foreign trade to a new level in the next few years is a prerequisite for practicable economic development. It is also our historical mission. We must attain this goal. The key to attaining this goal lies in exporting more commodities to earn more foreign exchange. We must never slacken our efforts in this respect. We must overcome any difficulty, however great. We must try in every possible way to fulfill this task. We must never allow foreign trade to slow down our modernization construction. Comrades engaged in foreign trade and production of export commodities and responsible members of central and local foreign trade departments must arrive at an adequate understanding of the current desperate situation, brace their spirits, and take effective measures to put an end to this situation.

#### **2. Foreign trade enterprises and enterprises producing export commodities must quicken the pace of changing the way they operate and work hard to ensure that the task of earning more foreign exchange through export will be fulfilled.**

In the face of the current situation with our export trade, every enterprise engaged in foreign trade or in production of export goods should develop a sense of responsibility and urgency and help reverse the situation in export volume, which is on the decrease.

One, we must acquire a better understanding of the situation and seek unity of thinking to put the task of earning foreign exchange through export in a correct relationship to other tasks. An important purpose in changing the way enterprises engage in foreign trade and production of export items operate is to see that they will attach equal importance to earning foreign exchange through export and their performance. This will also ensure that the enterprises will achieve long-term development. We must never waver under any circumstances. Therefore, we must correctly handle the relation between



earning foreign exchange and improving economic efficiency. The basic task of enterprises engaged in foreign trade and production of export commodities is to export more commodities to earn more foreign exchange. This is also where their economic efficiency lies. If they earn less and less foreign exchange, their economic efficiency will not last. To make up for the loss with surpluses of other operations will not get anywhere. The professional features of the enterprises engaged in foreign trade and production of export goods make it necessary that they must work out a long-term strategy of opening up new markets and getting a share of the world's trade. Though in a certain period we may suffer setbacks and get into difficulties or there may be contradictions between earning foreign exchange through export and improving economic efficiency, foreign trade enterprises, from a long-term point of view, will not have satisfactory economic efficiency if they cannot increase foreign exchange earnings through export. For most enterprises, if they want to develop themselves, they must make use of the domestic and foreign markets and two types of resources and resolve to compete in the international market. They must have strategic foresight, never taking care of only immediate interests. They must not give up the international market when their goods sell readily in the domestic markets. This is short-sighted behavior due to lack of strategic foresight. Such enterprises will suffer great losses at the end of the day. We have drawn many lessons in this respect in the past.

**Two, foreign trade enterprises must make vigorous efforts to change the way they operate to increase their competitiveness.** Basically speaking, we will still mainly rely on state-owned enterprises engaged in foreign trade and production of export commodities to increase foreign exchange earnings through export in the future. Therefore, we must see to it that state-owned enterprises will change the way they operate. The Ministry of Foreign Economic Relations and Trade last year called on foreign trade enterprises to make 10 changes in the way they operate. These changes are of fundamental significance to these enterprises and everyone of them is expected to conscientiously effect the changes.

At this point, I should like to focus on the principle that foreign trade enterprises should engage in diverse economic undertakings with stress on one trade. By "one trade," we mean foreign trade, where lie the fundamental characteristics and the greatest superiority of foreign trade enterprises. While constantly expanding foreign trade, these enterprises should engage in diverse economic undertakings to increase their economic strength and their capabilities to withstand crises, thus helping to expand their foreign trade. The order of importance should not be reversed. Leaders of some foreign trade enterprises focused too much of their energies and human and financial resources on speculation in real estate, stocks, and bonds to the neglect of their principal trade, putting the cart before the horse. Whether or not the foreign trade, the principal trade for foreign trade enterprises, is slackened resulting in a decrease in foreign

exchange should become the criterion for appraising the performance of foreign trade enterprises in following the principle mentioned above. Under the market economy situation in which managerial conditions are ever changing, it is incorrect for persons in charge of enterprises to concentrate their energies and financial resources on risky speculations known as "bubble economic undertakings," giving up their principal trade and refusing to take advantage of their strong points. In the final analysis, the strong points of foreign trade enterprises lie in foreign trade which has been continuously expanded for many years. I hope persons in charge of enterprises will have a clear understanding of this point. In the meantime, the division of management formed over a long period also gives an edge to foreign trade enterprises concerned. For instance, companies dealing in light industrial products are good at exporting their products while companies dealing in native and livestock products are good at exporting their products. All foreign trade enterprises must bring their strong points into play and try to raise the added value of their products through intensive processing. If you persist in "scrambling for" the commodities over which other people have an edge, you will not develop your own strong points.

**Three, we must further improve the contract responsibility system.** Thanks to practice over the last five years, the contracted managerial responsibility system for foreign trade enterprises has become stable and has played an important role in ensuring fulfillment of the task of earning foreign exchange through export. Nevertheless, we should further improve the contract system. We must hold every member of foreign trade enterprises responsible for increasing foreign exchange earnings so they will make concerted efforts to promote export businesses. I should like to emphasize that foreign trade enterprises should be responsible for "losses" as well as "profits." The wages and bonuses of workers of foreign trade enterprises should be linked to the performance and economic efficiency of the enterprises. If the contracted tasks are fulfilled, those who make greater contributions should receive larger rewards. Conversely, if the foreign trade enterprises earn less foreign exchange than expected and perform poorly, no bonuses should be given. In a word, we must see to it that everyone is concerned about and is held responsible for increasing foreign exchange earnings through export and that the performance of enterprises are closely linked to workers' personal economic interests. Every worker's concern about the fate of their enterprises will serve as a sound foundation for steady development of the enterprises.

**Four, we should make vigorous efforts to improve the quality of export commodities, persisting in the strategy of outdoing our rivals by producing quality products.** We have talked about improving the quality of our export commodities for several years and have seen to it that their quality is really improved. It is true that the reputation and competitiveness of our export commodities have been raised in the international market over

the last few years. But we should be aware that we have not basically fulfilled the task of upgrading our export products and improving their quality. We must continue to make progress in this respect. The quality of export commodities has everything to do with our ability to increase foreign exchange earnings through export. Many of our export commodities are much cheaper than the commodities of the same categories produced by developed countries or even cheaper than similar items produced in newly industrializing countries or regions. An important reason for this is that our exports have lower quality and international standing. We can sell goods with better quality at higher prices, thus earning more foreign exchange from the same quantity of goods. This is a matter of strategic importance. At the same time, we should continue to crack down on the manufacture and sale of fake and shoddy goods. This serves as a supplement to the strategy of outdoing our rivals by producing quality products. At present we must concentrate on "cracking down on the manufacture of fake and shoddy goods" sold in the border trade with the former Soviet Union, in regional trade, and in barter trade. We should set up customs and commodity inspection offices at the place on the border where commodities are delivered to customers, to check on the quality of export commodities. The customs should work out regulations to restrict the amount of commodities carried by tourists.

**Five, open up more markets for export goods to lay a long-term, solid foundation for earning foreign exchange through export.** While continuing to maintain and develop markets in Hong Kong, the United States, Japan, and the EC, we must open up markets in the Commonwealth of Independent States, Southeast Asia, the Middle East, Africa, and Latin America. We will encounter many difficulties in opening up these markets, but they have great potential and will play an important role in helping us increase foreign exchange earnings through export. To achieve this, we pin our hopes on the specialized foreign trade (industrial and trade) companies and enterprises producing export commodities, which have a long history and rich human and material resources at their command. We hope this "main force" will go into action immediately and do solid work to accomplish something in their effort to open up new markets.

**3. All departments and localities must vigorously support foreign trade departments by helping them overcome difficulties.**

The party Central Committee and the State Council have consistently paid great attention to the export business, giving it top priority. Various departments and localities have given foreign trade departments great support by supplying funds, goods, raw and semi-finished materials, energy, and transport services needed. The support and cooperation given by various departments and localities are indispensable to the great achievements we made in expanding foreign trade. We are now coming across a number of new difficulties and

problems in export trade, all departments and localities are expected to adopt effective measures in accordance with the state's unified arrangements and demands and in light of the new situation to create favorable conditions for expanding export trade. To solve the problems of export trade, the State Council called together persons in charge of relevant departments to study the matter and work out a number of measures not long ago. Departments concerned and all local governments should carry out the measures as soon as possible. I should like to stress the following points.

**One, it is necessary to carry out the principle of giving priority to foreign trade enterprises in granting loans to ensure foreign trade enterprises and enterprises producing export goods will have the funds they need.** At the recently held forum on economic work attended by leaders from six provinces and one municipality in east China, General Secretary Jiang Zemin said in respect of the current fund shortage: It is necessary to ensure: First, that there will be sufficient funds for agricultural development; second, that there will be enough circulating funds needed for production and export trade; and third, that there will be enough funds for the state's key construction projects. The State Council is to issue a "Circular on Amassing Funds to Ensure Current Key Economic Projects Are Provided with Enough Funds." All financial departments, local governments, and relevant departments must conscientiously carry it out. To match the higher export quota set for this year and price increases in the country, there will be an increase in loans for purchasing export goods. The Bank of China must take measures to raise necessary funds as soon as possible and must as always keep the task of supporting export trade at the center of its work, never diverting funds earmarked for supporting foreign trade to any other purpose. Again, apart from ensuring there will be enough funds for the set tasks, they must make every effort to raise more funds to meet the demands of foreign trade enterprises and enterprises producing export goods for increased export.

The Bank of China can grant a certain amount of short-term loans in foreign exchange to foreign trade enterprises and enterprises producing export goods, requiring them to return the foreign exchange within one year. The actual process will be like this: The foreign trade enterprises will change the foreign exchange they obtain from the bank into renminbi to purchase export goods or to expand production of export goods and then repay the foreign exchange to the bank after they sell goods abroad. The Bank of China should provide more export credit to enterprises exporting whole sets of equipment.

**Two, the procedures for turning over to the central government foreign exchange which is to be compensated for and for dividing profits between the central government and foreign trade enterprises should be readjusted.** The department concerned is expected to work out relevant measures as soon as possible. The government department must give foreign trade enterprises renminbi in



return for their foreign exchange which is to be compensated for, and must not hand out "white slips as IOU's." On the other hand, foreign trade enterprises must turn over to the central government as required the foreign exchange which is not to be compensated. No foreign trade enterprises are allowed to retain this portion of foreign exchange in any form and under any excuse. It is necessary to improve the foreign exchange supervisory mechanism by setting up a network linked to computers of the customs, administrative departments for foreign trade, banks, and departments responsible for foreign exchange and taxation. Again, we must improve the supportive measures for carrying out the experiment of retaining a portion of foreign exchange for foreign trade enterprises.

In the previous period, the value of renminbi dropped sharply on the swap market for many reasons. Some foreign trade enterprises refused to sell their foreign exchange or foreign exchange facility [e du 7345 1653] in the swap market or waited for the highest bid. Such conduct ran counter to the overall interests. Foreign trade enterprises should sell their foreign exchange to meet the needs of export trade to speed up the turnover of funds and expand export trade. By refusing to sell their foreign exchange or waiting for the highest bid, the foreign trade enterprises are likely to miss an opportunity, thus affecting the export trade.

**Three, it is necessary to improve the system of refunding export taxes.** On the one hand, we must draw up closely knit regulations to resolutely punish those who demand tax refunds in violation of the laws. Relevant sectors should cooperate with each other to address the problems in a comprehensive way. No taxes due will be refunded; tax refunds that have been gained by cheating must be recovered in time; disciplinary measures must be taken against those who violate discipline; those who break the law must be investigated to determine criminal liability; and the taxes that should be refunded must be refunded in full. On the other hand, the present system and procedures for refunding taxes should be improved and simplified. It is essential vigorously to create favorable conditions for managing tax refunds using computers so the work will be done accurately, conveniently, and timely and taxes will be refunded in full, thus further promoting export trade.

**Four, shortage of transport facilities is an outstanding problem in our economic development.** The State Council has ordered transport departments to give top priority to shipment of export items. The Railways Ministry has promised to continue giving full support to foreign trade enterprises. The ministry will see to it that carriages are provided as planned so export commodities will be shipped in time. We do not have a sufficient number of railway carriages at present, and the state is trying to solve the problem. I hope transport departments will transport export commodities as required by the State Council. They must check the behavior of having a preference of goods not covered by the plan over those covered by the plan because such behavior has no regard

for national policies and overall interests. They must try in every possible way to ensure export commodities will be shipped in time, thus providing guarantees for expanding export trade. They should also give top priority to those export commodities that can earn more foreign exchange where raw materials and energy are concerned.

**Five, we should grant qualified enterprises and research institutes powers to make decisions in foreign trade.** The process for adjudicating and granting permission to qualified enterprises and research institutes should be speeded up so that more enterprises and research institutes will compete in the international market and develop themselves. This is also an important measure to expand exports.

In short, the state has taken and will take measures to create favorable conditions for expanding the export trade. Export trade is not only the primary task for the Ministry of Foreign Trade and Economic Cooperation, but is also vital to the national economy as a whole. All departments and regions must seek a unity of thinking, gain a better understanding of the situation, and go into action immediately to make export trade a success through concerted efforts. All departments concerned must bear the overall situation in mind, put the general interests above all, coordinate their activities, and give a green light to foreign trade enterprises. To expand export trade to earn more foreign exchange, we must do solid work instead of devoting our energies to activities which are formalistic in nature and which do not yield practical results. Relevant departments under the State Council and all levels of governments must exercise effective macro-economic control to prevent economic overheating and preserve the favorable momentum of economic growth. They must make overall arrangements for domestic and foreign markets; make sure that there will be an ample supply of key export commodities; and meet the needs of foreign trade enterprises for funds, materials, energy, and transport services. All sectors must provide satisfactory services to foreign trade enterprises; rectify unhealthy professional tendencies; and check unauthorized charges, price hikes, and apportionments. Whoever is found guilty of these unauthorized practices must be severely punished. Relevant departments under the State Council and all levels of local governments must immediately convey the spirit of this conference and take effective measures to ensure that the 1993 export quota will be fulfilled.

#### **GATT Services Agreement Effect on Service Sectors**

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[Article by Yu Weixiang (0060 4850 7449), Ministry of Foreign Economic Relations and Trade Research Institute: "General Agreement on Trade in Services and China's Service Sector"]

[Text] Trade in services has become a new topic for the first time in the Uruguay Round of multilateral trade negotiations. After several years of daunting efforts, all parties to GATT have reached a preliminary framework agreement on the "General Agreement on Trade in Services" (hereinafter abbreviated to GATS). The main purpose and basic goal of this agreement is development of international trade in services to promote the liberalization of trade in services, to advance the economic growth of all trading partners, and to develop developing countries. Once the Uruguay Round of negotiations has been successfully concluded, GATS will take effect. It will have a profound influence on international services and trade as well as on the world economy. China has fully participated in the negotiations of all Uruguay Round teams since 1986, and in May 1990 it signed the GATS draft. After China's position in GATT is restored, China's service business will face real problems in gradually opening to the outside world. The liberalization of trade in service has become an important topic in the process of China's opening to the outside world, and it is bound to have a not to be underestimated effect on the development of China's economy.

### 1. Main Substance of GATS

GATS consists of two main parts: One is the agreement itself; the second is other related documents. The agreement itself contains six parts, 35 articles, and five attachments. The first part is scope and definitions; the second part is general obligations and discipline; the third part is specific commitments; the fourth part is gradual liberalization; the fifth part is organizational structure provisions; and the sixth part is final provisions. The five attachments are the attachment to Article 2 (most favored nation treatment) exemptions, as well as the four attachments on the provision of services in the four sectors of movement of natural persons, finance, telecommunications, and air transportation.

The obligations prescribed in the provisions of the GATS are of two kinds: One is general obligations; the other is specifically accepted obligations. The general obligations apply to all sectors of GATS nations whether or not these sectors have been opened. Specifically accepted obligations means obligations to be assumed only after agreement has been reached in bilateral or multilateral negotiations. These obligations (market access permission and national treatment) apply only to the service sectors that each treaty member has promised to open; they do not apply to unopened service sectors. This method of separating general obligations and specifically accepted obligations is an extremely important feature of GATS.

The following are provisions having a fairly close bearing on China:

1. Most favored nation treatment (Article 2). This principle is a basic principle in the GATT multilateral trade

system, and it is also fundamental to the GATS multilateral services trade system, which has received the support of a majority of participants. The most favored nation treatment provision provides that all treaty members are to immediately and unconditionally accord the services and the providers of services of another party a treatment that is no lower than it accords to similar services and providers of services in another country. However, trade in services has ramifications in numerous sectors, and numerous sectors have signed all sorts of bilateral or multilateral agreements, so implementation of the most favored national treatment principle is likely to encounter various kinds of problems. Therefore, the provision permits all countries to apply for exemption or exception to this principle according to the special circumstances existing in individual sectors. Otherwise, all sectors are to abide by the most favored national treatment principle.

It is noteworthy that the most favored nation concept in GATS is not entirely the same as the most favored nation treatment concept in GATT. In GATT, most favored nation treatment is accorded only to the products, but not to the producers of other treaty members. In GATS, however, most favored nation treatment is not only accorded services (which are equivalent to products in the goods trade), but also to the providers of the services (which are equivalent to producers in the goods trade). This difference results from the character of trade in services itself. In many situations, the provider of a service is not present, and is thus unable to provide the service; but if the provider of a service is unable to enjoy most favored nation treatment, he is denied the ability to engage in competition under equal conditions. In addition, the most favored nation treatment provision is a general obligation in GATS. Its range of applicability includes all service sectors or subsectors no matter whether the member of the treaty has or has not opened this sector or subsector, i.e., no matter whether these sectors or subsectors are included on the acceptance list, they must abide by the most favored nation treatment principle.

2. National treatment (Article 17). This article is one of the most important articles in the general agreement. This article stipulates that all parties to the treaty are bound only by the service sectors or subsectors listed on the acceptance list as well as the listed conditions and limitations. The actions they take regarding the provision of services and in according treatment to foreign services and providers of services may be no less than the treatment accorded to similar services and providers of services in their home country. Whether such treatment does or does not differ in form, so long as it does not discriminate against foreign services or services providers, it does not violate the provisions of this article. If treatment that is similar or dissimilar in form changes competitive conditions to the benefit of services and providers of services in the home country, it is deemed to be in violation of the national treatment principle.

National treatment in GATS differs somewhat from the principal of national treatment in GATT. First of all, the national treatment obligation in GATT is unconditional and mandatory. In GATS, however, the national treatment obligation is borne by a treaty member on the basis of its own level of economic development. Not only can it decide in which sectors or subsectors to apply the national treatment principle, but it may list conditions and limitations for implementation of the national treatment principle in the home country. Second, as with most favored nation treatment, enjoyment of national treatment has been expended from products to producers, i.e., it includes both services and the providers of services. In addition, because of the character of trade in services, the emphasis in implementation of the national treatment principle is on practical effect. No matter whether the domestic and foreign services and providers of services do or do not enjoy treatment that is or is not similar in form, so long as competitive conditions for both parties are the same, it is national treatment. Conversely, if any measure provides equal treatment in form, but discriminates against foreign services or providers of services in reality, it may be deemed a violation of the national treatment principle.

3. Market access. (Article 16). This is a key article in the general agreement. Like national treatment, market access is an obligation that is accepted following negotiation that encompasses both services and the providers of services. The market access article lists six market access limitations, including four quantitative limitations, one limitation about the form of legal entity, and one limitation on the portion of foreign investment. All treaty nations must list on the acceptance form all measures pertaining to the aforementioned limitations; otherwise it has no validity. So long as they are not discriminatory, no limitations other than the limitations cited in this article are within the purview of this agreement.

4. Transparency (Article 3). This article requires all parties to the treaty to publish all laws, rules and regulations, and administrative orders pertaining to trade in services, as well as international agreements they have signed pertaining to the trade in services, and to notify all members of the treaty once each year about new legislation and revisions of previous legislation as well as other measures having an effect on acceptance. This article also requires all nations to establish one or more consultation sites in order to facilitate rapid response to the inquiries of other treaty members.

5. Greater participation of developing countries (Article 4). This article has as its purpose an increase in the degree of participation of developing countries in the world service trade, and in expanding their exports of services, enhancing the capabilities of their domestic services industries, and providing them real opportunities to enter markets. This article provides for greater participation of developing countries, and for bringing it about through the conduct of acceptance negotiations in accordance with the provisions of sections 3 and 4. In

order to attain the goal of increasing the degree of participation of developing countries, and to provide further effective opportunities for the service exports of developing countries to enter markets, this article requires developed countries to set up consulting sites and liaison points for the purpose of providing exporters of services in developing countries pertinent commercial information and assistance.

6. Recognition (Article 7). This article is closely related to market entry permission. It applies mostly to specialized services personnel. This article permits all countries to recognize the regulations regarding standards, licensing, and certification of specialized personnel that other countries draw up. This article does not prohibit treaty members from drawing up different standards for domestic and foreign providers of services; however, such a provision must be noted in the market access consent.

7. Resolution of disputes. (Article 23). The portion of this article that is fairly important is Section 4 (Nonillegal complaints). When a signatory nation takes an action that is not consistent with the agreement that is termed "an abrogation of or damaging to" to rights or benefits that another signatory nation should properly obtain according to the agreement, the mechanism for resolving disputes may be used. To a very great extent, this section resembles the method prescribed in section 1 (b) of GATT Article 23. However, since very many regulations affect the service trade, very many difficulties may arise in determining the circumstances of a violation of consent. Many nations maintain a circumspect attitude toward this article. The dispute resolution procedure includes methods for retaliation among service sectors, and between the service and goods sectors. The attainment of a new multilateral framework agreement on GATS marks a major breakthrough on the issue of promoting the more liberal development of world trade since the founding of GATT. It indicates that a multilateral worldwide trading system is in the offing. International trade per se is made up of two major components, namely trade in commodities and trade in services. Heartening advances have been made in making commodity trade freer after more than 40 years of multilateral trade negotiations, but this "new field" of trade in services has never received serious attention. GATS fully embodies the basic principle contained in GATT of advancing the development of trade in goods; therefore, it is consistent with GATT's basic spirit of promoting free world trade. Like free trade in goods, freer trade in services is also a major trend. Every country is affected, either consciously or unconsciously, by this trend. However, under present circumstances, the level of services in developed industrial countries is fairly high; service sector are strongly competitive internationally, but in most developing countries, service business are relatively backward. Their competitiveness is poor. Therefore, making trade in services freer will require a process; they cannot be completely decontrolled all of a sudden. In particular, developing countries cannot be required to attain the same degree of



openness. GATS makes very many reservations and exceptions regarding developing countries, particularly with regard to national treatment, most favored nation treatment, transparency, market access, and gradual liberalization, as well as assistance for the development of service businesses in developing countries, which are very flexible. On the basis of its own different level of development and its stage of economic transition, every nation can conduct negotiations that take into account the interests of all members to render consent on the basis of openness and mutual benefit. GATS expresses the long struggle that developing countries are going through. Their negotiating position in GATT has risen to new heights. At Punta del Este, they successfully established in law an extremely clear-cut service trade negotiating procedure whereby such negotiations can be conducted under special legal regulations outside GATT. Such a formal exchange and link between goods and services has been ruled out ever since the beginning of negotiations. They also successfully determined a goal for service trade negotiations, namely to use an expansion of the service trade to promote the economic growth of trading partners and the development of developing countries while guaranteeing transparency and increasing freer trade.

Naturally, negotiations about trade in services will be gradual and protracted just as is the case with negotiations about trade in goods. Currently, all nations are turning in preliminary initial bargaining position acceptance forms based on their own domestic policy goals and the actual level of their development; a swapping of concessions will then ensue. Negotiations on concessions will continue gradually. Full opening of service business markets will not occur overnight following entry into GATS.

## 2. Development of China's Service Industry

China's service sector has developed fairly rapidly since reform and opening to the outside world. During 1980, the service sector grew at an average 10.9 percent annually, exceeding the 8.9 percent average annual growth of GNP for the same period. In 1990, the increase in value of the service sector accounted for 27.3 percent of GNP, and it employed 18.6 percent of the total workforce. Traditional businesses such as transportation, posts and telecommunications, finance and banking, and insurance expanded steadily. The increased value of that sector accounted for about 65 percent of the increased value of the service sector, and it accounted for more than 50 percent of all personnel employed in the service sector, becoming a major entity in the service sector. At the same time, new businesses such as information, consulting, and advertising are rising. Take advertising, for example, in which only 10-odd units had advertising business rights prior to reform and opening to the outside world, but which numbered 13,000 by 1990. The information and consulting business has also begun to enter a period of expansion as the size of the economy and economic activity expands, as well as the ever-increasing expansion of science and technology. As of

1990, there were more than 3,600 service organizations engaged in consulting and information processing. They have played an important role in improving the level of administrative decision making, improving product competitiveness, and improving the efficiency and the creativeness of scientific research. With the fairly rapid development of the service sector, China has also very greatly developed trade in services abroad. In some fields, it ranks first in the world. According to GATS statistics for 1989, China ranks 27th in the export of services among 40 leading services importing and exporting countries, and it ranks 32d among services importing countries.

However, there is a very great gap between China and the developed nations of the world in the overall level of development of the service sector and in advances in the services trade. Not only is the percentage of China's service sector in GNP lower than that of economically developed nations, but it is also lower than the average level for developing countries. At the end of the 1980's, the service sector in 34 low income countries accounted for an average 31 percent of GDP; in 48 medium income countries, it accounted for 50 percent; and in an overwhelming majority of 22 high income countries, it accounted for more than 60 percent. In China, however, it accounted for only between 27 and 28 percent, making China one of the countries with the lowest percentage. Of course, statistics about China's service sector are very incomplete both in terms of their range and criteria used. There are some omissions, some of which stem from the inability to separate statistics completely within enterprises. Consequently, statistics on the service sector may be lower than the actual situation. Overall, however, China's service sector is still relatively backward.

Since China's service sector is at such a relatively low level of development, the scale of trade in services is also very small accounting for only 1 percent of total services exports in the world. According to the International Monetary Fund's "International Balance of Payments Statistics for 1984," China's trade in services totaled \$7.493 billion, \$4.819 billion of it coming from exports. Imports of services totaled \$2.674 billion. In 1989, total trade in services increased to \$12.1 billion, including \$6.8 billion in exports, and \$5.3 billion in imports. Despite the growth of both service imports and exports, the amount by which the increase in value of the country's service sector contributed to total exports fell from 13.8 percent in 1984 to 12.5 percent in 1989. As a percentage of GNP, it declined from 3 percent in 1984 to 2.8 percent in 1989. Meanwhile, the percentage of GNP derived from commodity exports increased from 8.3 percent in 1984 to 12.5 percent in 1989. This shows that the importance of trade in services in China's economy is declining.

The development of services in various different sectors of the economy is also uneven. In some sectors, services have developed very quickly. Examples include the tourism, marine transportation, and the project construction sectors. In some sectors, services are in the

initial stage of development or are limited to certain areas or certain specific fields. Examples include the accounting, legal, leasing, consulting, finance and banking, insurance, and real estate sectors. In some sectors, services are entirely a state monopoly. They are closed. Examples include civil aviation, radio broadcasting, telecommunications, and the postal service.

### 3. Opportunities and Challenges That China's Service Sector Face

The global market for services is developing rapidly and becoming more complex as well. In addition to the traditional distinction between services and goods, the traditional distinctions among service sectors are also becoming increasingly fine. This is particularly true of economically developed countries (or territories). Principal finance and banking services are provided not only by banks but by large retail businesses as well. The line between computers, information, text transmission, electronic mail, video transmission, and traditional telecommunications has become blurred. The present situation provides developing countries with both an opportunity to leapfrog the development of service industries, and also confronts developing countries with new challenges stemming from the intensification of global competition. As multilateral discussion of greater trade in services begins within the Uruguay Round, the governments of all countries are concentrating their attention more and more on understanding what is going on in the service sector and how it is developing.

As of the present time, China has conducted preliminary acceptance negotiations with the EC, Japan, the United States, Canada, Finland, Sweden, Malaysia, Indonesia, the Philippines, and South Korea. In accordance with GATS principles and on the basis of China's current circumstances and prevailing policies, laws, and regulations, China has presented a preliminary acceptance and opening bid to the Uruguay Round on the civil aviation, tourism, advertising, computer services, finance and banking, insurance, engineering design, specialized services, and the off-shore and continental petroleum prospecting sectors. It has also proposed to some countries an exchange of a bill of particulars for use in discussing concessions. As China's economic reform and opening to the outside world intensifies, and as restitution of China's GATT status nears, China's service sector are facing a gradual opening to the outside world. Since the gap is very great between the level of development of China's service sector and that of developed countries, and since China's service sector is still in its infancy, competition with foreign countries is difficult. At the present time, China's economic system is also in process of making a transition from a plan system to a socialist market economy system during which many problems urgently in need of solution exist in the development of the service sector. Therefore, the opening to the outside world of service sector markets will doubtlessly face tremendous challenges. We must use a concrete analysis of the state of development of China's service industries, and of the entire national economy as a basis for drawing

up a development strategy for the service sector and trade in services. We must selectively, gradually, conditionally, and guardedly open markets gradually to realize the goal of greater trade in services.

Even though entry into GATS will pose challenges for China's service industries, it will also present opportunities for it. First, GATT is founded on a market economy, so the entry into GATS, with a gradual increase in international trade in services, will likewise require operation in accordance with the laws of a market economy. This will help the domestic service sector demolish monopolies and establish competition mechanisms. Only by gradually opening up service sector and introducing the competition mechanism will it be possible to solve longstanding insulation, backwardness, and tolerance for waste of natural resources in China's service industries. The opening of markets to the outside world may produce a certain amount of shock, but it positively cannot topple them. More than a decade of practice in reform and opening to the outside world tells us that the opening of markets is by no means a bad thing. It can only spur our more rapid economic development. Although the current level of development of China's service sector is fairly low, making full opening impossible; nevertheless, this does not mean that we have a reason for closing China's service sector markets.

Second, entry into GATS, conditionally opening domestic markets, helps domestic service sector obtain advanced foreign service techniques and management methods. Products of the service sector are intangible; they cannot be stored, and they are produced and consumed at the same time. Thus, the process of internationalizing the service sector must depend largely on direct investment rather than the methods used in international commodity trade. The way in which large transnational service corporations establish branches and subbranches abroad also differs from the way in which the transnational manufacturing sector establish branches and subbranches abroad. Most of the latter begin to build a vertical division of labor system between the parent corporation and subsidiaries, the parent corporation holding on to high grade, precision, and sophisticated technology, the subsidiaries concentrating on the standardization of production or labor intensive products. Transnational service sector corporations do otherwise. Since their technical advantage lies mostly in intangible modern service techniques and management experience and methods, when setting up branches and subbranches abroad, they cannot easily strictly separate these intangible skills. Thus, the level of skill in the parent corporation and in the subsidiary corporations is about the same. Because of this characteristic of service industries, we can obtain the advanced service techniques and management methods used in the service sector of developed countries by importing service sector from developed countries, by direct investment, through professional and technical training, and through information sharing to build modern service sector of our own, thereby greatly improving the level of development of China's service industries.

Finally, GATS is currently only in its infancy. It is just a preliminary framework draft agreement. Given the history of GATS, the admission price to be paid during the initial founding period will be far lower than the entry fee for application later on. However, since two-thirds of the countries in GATT are developed countries, the negotiating position of developing countries is greatly enhanced. GATS basically expresses the position and the desires of developing countries. The provisions of this agreement provide greater flexibility to the process of promoting greater trade in services in developing countries. Developed countries have reached a consensus about the low level of development and the lack of competitiveness of service sector in developing countries; thus, the framework agreement contains concrete provisions on how to improve the domestic service sector in developing countries to enable developing countries to increase their share of the world market. Providing developing countries a real opportunity to enter the market requires the adoption of specific measures by developed countries that hold a commanding position in the international trade in services. Thus, we can seek needed protection by entering GATS, and strive to demolish some of the things that restrict expansion of market share. We can also make use of many of the reservations and exceptions that the agreement provides for developing countries, particularly the elasticity in assisting the development of service sector in developing countries. We can get developed countries to open up markets to us and to provide modern techniques and financial assistance to China to help China build all kinds of service trades and service markets. We can use improvement of our domestic service sector as a basis for further developing the international service trade. Finally, all participants in GATS must accept the obligation of transparency. This will also help us gain an understanding of the laws, rules and regulations and various management procedures for the service sector concerned in other countries. This intimate knowledge will help us enter the markets of other countries. We can also use some of the experiences of other countries with management techniques and in drawing up laws to perfect legislation and management measures for the development of our own service industries. Of course, once GATS takes effect, the gradual tightening of discipline and various regulations as time goes will impel all members to expand steadily the degree of openness of their service sector markets. This may put pressure on China's service sector and pose greater challenges for them. In order to meet the challenges, China's service sector can only seize the opportunities, strive to move ahead, and improve competitiveness.

#### Researcher Views Macro-Regulation, Inflation

HK1607094093 Beijing ZHONGGUO XINWEN SHE  
in English 0800 GMT 16 Jul 93

[Text] Beijing, July 16 (CNS)—Researcher with the China Market Development Institute, Mr Zhang Xuehong, said recently that China's current inflation is still controllable and bearable but great importance should be

attached to its further development by relevant government departments and macro-regulation and control measures should be taken to avoid further serious inflation.

According to Mr Zhang, the sustained high growth of the development of the national economy means that the potential inflationary pressures have started to relax. The country has seen an increasing rise in prices with an 8.4 percent growth in January this year, 8.7 percent in February, 10.2 percent in March and 10.9 percent in April. Between January and May, the growth in the cost of living in 35 medium- and large-sized cities was 16.7 percent, close to the 18.5 percent of the inflation rate of 1988. Judging from the current situation, inflation can be controlled at a bearable rate by proper macro-regulation and control. If macro-regulation and control is not handled well, inflation will become considerably more serious. Judging from its development, inflation this year will be about ten percent.

Mr Zhang said that in order to avoid serious inflation, macro-regulation and control must first of all be strengthened, overall economic overheating avoided and blind competition in the speed of development stopped. The economic development speed in various places should depend on their resources and markets. The investment scale, especially for projects now under construction, must be controlled. Development zones which occupy a large area of land which cannot go ahead in their development because of a shortage of money should be promptly withdrawn. Financial order must be rectified, currency management strictly dealt with and regulations for control of the capital market should be drawn up as soon as possible.

Mr Zhang warned that in line with historical experience, inflation will not by itself come to a halt and disappear should appropriate measures not be taken. There will, he said, be a high price to pay if inflation is permitted to reach a serious level. A good lesson was to be learned, he added, when inflation in 1988 resulted in panic purchasing leading to three years of economic shrinking.

#### Eight 'Limits' Set for Economic Development

HK1507143193 Shanghai BAOKAN WENZHAI in  
Chinese No 725, 14 Jun 93 p 2

["Excerpt" of article by Peng Jiahua (1756 0857 5478):  
"Statistical Bureau Sets Forth Eight Limits to Prevent  
Violent Economic Fluctuations"]

[Text] Ye Zhen, director of the General Statistical Department of National Economy under the State Statistical Bureau, recently said: China's economy was on the verge of economic crisis in the first quarter this year. If this tendency is not held in check, the 1993 economic growth rate will reach 14 percent. Therefore, it is necessary to strengthen macro monitoring and control.



To prevent the rapid growth stage in the business cycle coming to a premature end and violent economic fluctuations, the State Statistical Bureau set forth eight rational limits for 1993 economic development.

One, the GNP growth rate will be kept at around 10 percent; two, the gross industrial output value at 16 percent; three, the gross agricultural output value at 4 percent; four, the total investment in fixed assets within 900 billion yuan; five, the growth rate of the total volume of retail sales at 17 percent; six, the growth rate of retail prices at about 7 percent; seven, new bank loans at about 400 billion; and eight, money supply at about 100 billion yuan.

### **Zhu Rongji Stresses Structural Readjustment**

OW1607094293 Beijing XINHUA Domestic Service in Chinese 1027 GMT 9 Jul 93

[By Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391) and XINHUA reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 9 Jul (XINHUA)—A three-day national financial work conference closed in Beijing on 7 July. Zhu Rongji, vice premier of the State Council and governor of the People's Bank of China [PBOC], stressed at the closing session that strengthening macroregulation and control does not mean the practice of a comprehensive deflation policy, but is a structural readjustment measure. He pointed out: China's current high-speed economic development is sound on the whole. Problems cropping up in the process of development can be solved through deepening and quickening the pace of reform. There is no need to practice a comprehensive deflation policy and we will not practice such a policy in the future. Currently the most pressing task is to rationalize the industrial structure and get rid of the "bottlenecks." Therefore, following the state's industrial policy, we must quickly regulate the way we use our funds to ensure the supply of funds for industrial and agricultural production and for the construction of infrastructural facilities, and to ensure that economic development will be sustained and steady.

Those attending the conference included State Council Vice Premiers Zou Jiahua and Qian Qichen and State Councillors Chi Haotian, Song Jian, Chen Junsheng, Ismail Amat, Peng Peiyun, and Luo Gan.

Zhu Rongji fully approved the work of the PBOC as well as of the entire financial establishment. On behalf of the CPC Central Committee and State Council, he extended his thanks and regards to the vast numbers of cadres and workers of the financial front. He said: Currently, financial work is a task of great honor as well as an arduous one. The party Central Committee and State Council are very much concerned with and have attached great importance to financial work. The central authorities have decided to start from straightening out the financial order to solve the current problems arising from economic development because financial work is the

national economy's lifeline—it is a very important part of the economy. He hoped the vast numbers of financial workers would have a sense of having an honorable mission to accomplish, would turn pressure into a driving force, lift their spirits, work in a down-to-earth manner, and completely accomplish the tasks entrusted to the financial establishment by the party Central Committee and State Council.

Zhu Rongji pointed out that currently, the key to strengthening macroregulation and control is to straighten out the financial order, tighten financial discipline, and improve the chaotic financial situation. He urged leading cadres at all levels of the financial front to take the lead in implementing the following three "rules": First, immediately stop and seriously straighten out all interbank lending in violation of established regulations; funds lent in violation of regulations should be recalled within a specified period of time. Second, all financial institutions are not allowed to raise deposit and lending interest rates in any disguised ways; they are not allowed to "scramble for" deposits by raising deposit interest rates; they are not allowed to ask for rebates from those who borrow money from them. Third, immediately stop channeling credit funds to all kinds of economic entities operated by the banks themselves; banks should completely dissociate themselves with the economic entities operated by them. Zhu Rongji said banks at all levels should seriously enforce the aforementioned rules or parties concerned and major responsible persons are to be held responsible for what they have done.

Zhu Rongji said cadres and workers of the financial front must give primary consideration to the nation's overall interests, take the overall situation into account, stand by the principle, be upright and honest in performing their duties, and should work wholeheartedly to advance economic development.

Zhu Rongji stressed: The first thing we should do to straighten out the financial order is to enhance the ideological awareness and to improve the work style of the leading bodies of banks at all levels. We should "tightly grip with two hands," always unswervingly adhere to the basic line, and continuously conduct ideological and political education among staff members and workers. One should set a good example for others; only by doing so can we build up a tough financial corps. Some problems that cropped up in the banking industry some time ago occurred in a special social environment—some of these problems were unavoidable at a time when the old system was being transformed into the new one. Regulation-violation problems related to one's work that do not break any criminal laws can be settled as long as the responsibility is straightened out and the problems are reported in full and are corrected. In straightening out the financial order, we must strive to minimize personnel change, to maintain a steady operation, not to let the public worry, and to protect the majority's interests.

On quickening the pace of reforming the financial system, Zhu Rongji said: Financial reform should be based on the country's current actual conditions and should follow the general law of market economic development, and our financial system should gradually be brought in line with the international system. The focus of reform is to reinforce the central bank's functions and to accelerate the establishment of a unified and effective macroregulation and control mechanism. He stressed: Through making reforms, we must establish a central bank system that independently implements unified monetary policy under the State Council's leadership to regulate the balance between total social supply and demand and to ensure the stability of currency value. We must establish a financial organization system under the central bank's leadership that is with state policy banks and state-owned commercial banks as the mainstay and that incorporates various kinds of financial institutions. We must also establish a unified, efficient, and orderly financial market system. To promote financial reform, we should first further enhance our self-consciousness and sense of urgency on the need to accelerate the pace of reform, should not follow the beaten path, should do away with the straightly professional viewpoint, and should establish a financial system that is in line with China's national conditions and that meets the requirements of the socialist market economy.

Zhu Rongji emphatically stressed: The financial establishment shoulders heavy responsibility in carrying out a series of important decisions by the party Central Committee and State Council on strengthening macroregulation and control. However, the efforts of the financial establishment alone are insufficient. Only if the whole party and the people of the whole country, especially party and government leaders of all localities and departments, unify their thinking and efforts and work with one heart and one mind can we truly carry out the central authorities' important decisions and policies on the current economic work.

Also attending the financial work conference were responsible comrades of concerned departments of the party Central Committee and State Council; responsible comrades of the PBOC headquarters and banks catering to specific industries; responsible comrades of the People's Insurance Company of China; and directors of PBOC branches of all provinces, autonomous regions, municipalities, and cities with provincial-level economic power.

#### Ministry Issues Circular on Bond Interest Rates

OW1607091993 Beijing XINHUA Domestic Service in Chinese 0909 GMT 10 Jul 93

[Text] Beijing, 10 Jul (XINHUA)—The Finance Ministry today issued a circular on readjusting the issuing terms for state treasury bonds.

The circular says: The State Council has decided to increase savings interest rates at a time when the 1993 state treasury bonds are being issued. To protect the

benefits of those who invest in state treasury bonds, it is now decided that the interest rates of the 1993 state treasury bonds be readjusted correspondingly. In addition, the values of the state treasury bonds issued in 1992 and 1993 will be ensured. The concrete measures include: the annual interest rates for the three-year and five-year term state treasury bonds issued in 1993 will be increased from 12.52 and 14.06 percent to 13.96 and 15.86 percent respectively, enabling the readjusted annual interest rates of the state treasury bonds to remain 1.72 and 2 percent respectively higher than the savings interest rates of the same terms. The interests accrued to the 1993 state treasury bonds issued before the promulgation of this circular will also be based on the new interest rates, with their year terms remaining unchanged.

For the five-year and three-year term state treasury bonds issued in 1992 as well as for the three-year and five-year term treasury bonds issued in 1993, the "Relevant Regulations Concerning Value-Ensured Renminbi Savings Deposits" issued by the People's Bank will be applied. Their interests will be ensured beginning 11 July 1993. Their value-ensured subsidizing rates will be based on the ones issued by the People's Bank at the time when these bonds are cashed.

#### Savings Deposits Up After Interest Rate Rise

HK1607040093 Beijing CHINA DAILY in English 15 Jul 93 p 2

[By staff reporter Zhang Yuan: "Interest Rate Rise Attracts Bank Savings"]

[Text] The government's efforts to attract more bank deposits with an average 1.35 percentage-point interest rate rise last Sunday [11 July] has started to pay off.

The new interest rate is the latest move by the People's Bank of China, the central bank, to stabilize the financial situation, curb inflation and generate more funds for key State projects. It is also the second time that the central bank has raised interest rates on savings deposits so far this year. The first took place on May 15.

After the second interest rate rise, the interest rate for one-year fixed term deposits is 10.98 percent, up 1.8 percentage points from the figure before July 11, the rate for two-year term posits increased to 11.7 percent.

Only July 11, all Chinese banks launched a nationwide campaign to persuade citizens to "save with enthusiasm." Bank staffs have been busy in recent days handling the increase in savings deposits.

The Beijing branch of the People's Construction Bank of China, for example, saw a record high in daily savings deposits on July 11. New savings in the branch hit 8.98 million yuan (\$1.57 million) that day, according to Zhou Jizheng, an official with the bank's head office.



The figure was 4 million yuan (\$701,750) more than the average daily growth of new savings in June, he said.

The Beijing branch of the Industrial and Commercial Bank of China had 61 million yuan (\$10.7 million) of new savings on July 11, a bank official said.

The figure represented a rise of about 17 million yuan (\$2.98 million) from its average daily rate of new savings.

Both banks extended their service time to accommodate depositors and clerks have been required to improve their service to customers.

The Industrial and Commercial Bank of China, the country's leading savings bank, has announced it will set up more savings offices and speed up computerization to attract more savings deposits. Every branch of the bank will be given a quota for savings deposits to encourage the branch chiefs to bring in more business.

Meanwhile, the People's Construction Bank of China, the leading financial arm for capital construction investment, has launched a nationwide campaign aimed at attracting 10 billion yuan (\$1.75 billion) in 100 days starting from July 11.

But economists believe that holding inflation in check is the key to whether bank savings will stay attractive to citizens.

At present, the average retail price rise has exceeded 10 percent in the country in the first five months while inflation has risen 16.7 percent in 35 major cities.

#### **Government Tells Farmers Saving 'Patriotic Duty'**

HK1607040293 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 16 Jul 93 p 2

[Report by Geoffrey Crothall in Beijing]

[Excerpt] Local government officials in parts of northern China are putting intense pressure on rural residents to deposit their savings in state-run banks, according to economists in Beijing. Not content to rely solely on higher interest rates to attract investors back to the state sector, some local officials in the poor provinces of Shanxi, Shaanxi and Inner Mongolia have been telling people it is their "patriotic duty" to make substantial deposits at state-run banks.

In several counties, local officials have threatened people with serious repercussions unless they comply, according to an economist who has just returned from Shanxi. "They would say things like unless farmers handed over their savings, they were unlikely to receive payment for their crops this year," he said. "Other officials laid down minimum deposits for local residents, some as high as 1,000 yuan (about HK\$1,350 at the official rate)."

This kind of coercion, the economist said, was leading to considerable resentment in some rural communities burdened by heavy taxes and charges levied by the local government. "Some local officials are being very heavy handed about this business, and I can see some major problems developing unless this kind of activity is curtailed," he said.

The Beijing Government has issued strict directives ordering local officials not to burden rural residents unfairly, but it has also ordered a nationwide bank savings campaign. Many local officials, analysts said, were being "over-enthusiastic" in their drive to increase bank deposits. "This type of behaviour is typical of local officials' desire to please their superiors," a political analyst in Beijing said.

It is not known how effective the forced savings drive has been so far. There may be a slight increase in savings, but distrust of the banking system felt by many rural residents will probably lead to quite substantial sums being held back. There has reportedly been a surge in bank deposits in Beijing, but yesterday's China Daily said this was the result of the 1.8 percent point increase in interest rates at the weekend rather than pressure from the Government. [passage omitted]

#### **Article on Labor Force as Commodity**

HK0907002093 Beijing JINGJI YANJIU in Chinese No 3, 20 Mar 93 pp 3-11

[Article by Dai Yuanchen (2071 0954 2525) of the "China Labor Market and Wage Reform" Group of the Chinese Academy of Social Sciences Institute of Economics; edited by Song Mingzi (1345 2494 1311); dated January 1993: "Recognizing Labor Force as a Commodity Is a Prerequisite for Fostering the Labor Market"]

[Text] Our reform of the economic structure has been market-oriented since the Third Plenary Session of the 11th CPC Central Committee. The Decision on Reform of the Economic Structure adopted by the 12th CPC Central Committee at its Third Plenary Session made it clear that the aim of the reform was to establish a planned commodity economy. Many economists were already using the term socialist commodity economy at that time. Subsequently some economists explained that the socialist market economy was in fact the socialist commodity economy. Why is it that people still say the 14th CPC National Congress marked a new stage in the reform of the economic structure because it made it clear that the aim of the reform was to bring about the socialist market economy? In my opinion, although commodity economy and market economy are one and the same thing in theoretical terms, they have different points of emphasis from the perspective of reform. The use of the term commodity economy indicates that our economy is no longer the self-supporting natural economy of the revolutionary bases, but neither is it the product

economy which takes the form of allocation and distribution within an economic entity as envisaged by classical authors, where economic links between different economic entities still have to go through commodity exchange and the aim of reform is to bring the law of value into play. The use of the term market economy indicates that the aim of reform is to change the mode of deployment of scarce resources, replacing deployment of resources by administrative means with deployment of resources by market forces, because the latter produces higher efficiency. Pushing the reform from the stage of simulating the market and introducing the market mechanism so as to make use of the law of value to the new stage of the deployment of resources by market forces should be regarded as a major step forward in the concept of reform.

Since its inception, the term planned commodity economy has been interpreted differently by different people. One of the interpretations limits the market relations embodied by this term to a very narrow scope, maintaining that only the products of labor belong to the category of commodities, while production factors, namely, land, funds and labor, are not commodities and therefore should not be allowed to enter the market and be regulated by the laws of the market. According to this interpretation, the market of the so-called planned commodity economy only refers to commodity markets and does not include factor markets. This limitation is also the limitation of the idea of "planned economy where the market mechanism has a role to play." The reason is that in practice based on this concept, prices can only regulate the demand for commodities, that is, price rises as a result of excessive demand will restrict demand, and price falls as a result of inadequate demand will stimulate demand. As for the regulation of supply, the so-called tapping of internal potential without increasing the input of manpower and equipment can produce some effect, but beyond that, the regulation of supply can only be achieved by planning, not by market forces, because the fund factor is deployed by state plans rather than by market forces. Half-baked market regulation which regulates demand but not supply cannot work. Thus, not long after the advocacy of the term planned commodity economy, the need to carry out reform aimed at establishing and fostering the market system was raised in the Seventh Five-Year Plan under the pressure of practice. It was clearly stipulated that in addition to commodity markets, it was also necessary to establish markets for land, funds, labor, technology, real estate, information and other production factors. This expansion of the scope of markets actually meant the furtherance of the reform objective from the replacement of product economy with commodity economy to the replacement of deployment of resources by administrative means with deployment of resources by market forces. This shows that the term socialist market economy is conducive to overcoming the possible limitations of the original term of commodity economy.

**I. The Labor Market Should Not Be Left Out in the Fostering of the Market System, and Concern as to Whether Labor Is a Commodity Has Become an Obstacle to Reform**

Identifying the establishment of the socialist market economy as the target of our economic structural reform means "making the market play a fundamental role in the deployment of resources under socialist state macro-control" and "deploying resources to those sectors with better efficiency through the price lever and the functions of the competition mechanism." This is so because the fundamental question of economic operation, as the reflection of an economic structure, is how to deploy the limited resources between different sectors, regions and economic units in such a way as to ensure their most effective use. Our traditional practice is to resort to a form of deployment based on administrative means. Whether these administrative means be called planned economy, controlled economy or command economy, they are still from the top down. Since this method cannot have complete information about the commanded, and there are disparities in value judgment due to disparities in interests between different levels, there are bound to be discrepancies in opportunity cost and decision options. Although this method of deployment can concentrate manpower and financial and material resources on a few big projects, its overall efficiency and benefits are poor. Of course there were units that performed well under the conventional structure, but this was only because they had an outstanding workforce and had carried out outstanding political and ideological work. When these outstanding people were there, there was excellent performance; but when they were gone, good performance ceased. From the angle of economic structure, it is obvious that the conventional structure of deployment of resources by administrative means cannot work. Thus, it is for the purpose of replacing the old economic structure with a new one capable of effectively deploying resources that the socialist market economy has been taken as the target of reform.

From the perspective of the deployment of resources, market economy cannot include only commodity markets but not factor markets. Production factors also constitute a comprehensive system and cannot include only the material factors of production but not the human factors. It is generally believed that China attaches great attention to material factors because it is short of funds, and that it overlooks the human factor because it is never short of people. The truth is, man is the primary factor. Germany and Japan relied on people of high intellectual caliber, not an abundance of funds, in their reconstruction after World War II. The conventional structure demonstrated its rigidity in more ways than one, the most striking aspect being its rigid mode of deployment of labor resources. It failed to turn our human and material resources to best account. The fact that manpower could not flow freely and people were allocated life-long jobs had seen the talent of many go to waste. Moreover, even if people's expertise matched the jobs allocated, there was insufficient stimulation to

arouse their enthusiasm at that time. The stratified, top-down organizations under the conventional structure were supposed to be public-minded, selfless, wise and correct. Since they did not have any special interests or needs of their own other than the need to fulfill all the tasks handed down by their superiors on behalf of society, they would not make any deviations in their execution of the unified plans of society. The truth is that at the present stage of socialism, independent economic interest entities exist at every level, each with its own small-group interests as well as the personal interests of those involved, which are often in conflict with the overall interests of society. Thus, the deployment of resources by administrative means, which only recognizes overall interests, has trouble arousing the enthusiasm of laborers. In the past, this contradiction was resolved by means of the division of power on the administrative level. This approach of trying to resolve the problem of the stimulatory mechanism by delegating power to lower levels and letting them retain a proportion of profits, practicing the overall rationing system, the contract system, and so forth with a view to segmenting the interest entities is in fact an attempt to replace the centralized planned economy with the decentralized and multi-center mode of deployment of resources by administrative means, that is to say, with local planned economy or sectoral planned economy. This resulted in economic confusion and disorder, and led to a cycle where "the economy was straight-jacketed the moment control was exercised, and confusion reigned once control was relaxed." It failed to bring about the rational deployment of resources. The objectives of the market-oriented reform and the fostering and development of the market system cannot but take the labor market as an important component. Only in this way will it be possible to gradually bring about a situation where decisions regarding the deployment of labor resources are not implemented by means of administrative power from the top down, but are made in accordance with market signals by the economic parties concerned who are after maximum utility. They are chosen and consciously carried out in respect of the supply of and demand for labor after computation and assessment of one's own interests. At this point in time, although the contradictions and conflicts between local interests and social interests have not yet disappeared, an optional meeting point that will produce minimal loss and maximum benefits for both have been found. This shows that the rational deployment of labor resources and the fostering and development of the labor market are inseparable issues.

However, we have encountered a major theoretical obstacle in our fostering of the labor market. The theory that labor force is not a commodity under socialism cannot but make one wonder how the labor market came about if labor force was not a commodity. Some people used the term labor service market in the place of labor market. However, labor service market has its established usage, referring specifically to the market for nannies, carpenters, dressmakers, cooks, porters and

other service trades. While the use of the term labor service, with its much narrower scope, to cover the broad scope of the deployment of labor resources in the general sense can indeed bypass theoretical disputes, it cannot be taken as the ultimate solution. Thus, theoretical obstacles are not to be evaded, and some risks must be taken to find a possible way out.

Labor markets have always existed in capitalist market economies. However, quite a number of bourgeois politicians and economists refused to recognize labor force in capitalist societies as a commodity. The 1919 "Charter of the International Labor Organization" clearly stipulated that "labor force should not be regarded as a commodity whether in law or in practice." The "Philadelphia Declaration" adopted after World War II reiterated this standpoint. American labor economist Ronald G. Ehrenberg said: "There is a rumor that one recent secretary of labor attempted to abolish the term 'labor market' from departmental publications. He believed it demeaned workers to implicitly think of labor as being bought and sold like so much grain, oil, or bonds." (Footnote 1) (Ronald G. Ehrenberg and Robert S. Smith: *Modern Labor Economics: Theory and Public Policy*, Chinese translation, China Labor Publishing House, 1991, p 1) The reason for this is that some politicians and economists failed to see the difference between the labor and labor force of laborers. Some countries used to engage in the slave trade, where laborers were treated as commodities. They underwent a century-long movement to abolish slavery, and waged a war because of it. They were thus very sensitive about the buying and selling of laborers as commodities, and it is only natural that they would try not to refer to them as commodities.

If the reluctance to refer to labor force as a commodity in capitalist economy stems from an apprehension and sensitiveness which grew out of their history of buying and selling slaves as commodities, then the theory that labor force is no longer a commodity in socialist economy is an idealized vision of socialist society. We say this because, since the inception of the socialist ideal, utopian socialists and scientific socialists alike all looked upon commodities as alien to varying extents and left no room for commodities in their respective idealized societies. They were particularly negative toward the idea of treating labor force as a commodity. Thus, after the establishment of the socialist economy, although it was generally agreed that the socialist economy was a commodity economy, it was still maintained that since public ownership had been established and since laborers had become the owners of the means of production and the masters of their own destiny, they were no longer hired hands and labor force was naturally not a commodity any more. At the same time, since land and mineral resources among production factors were regarded as state property that "could not be bought, sold or leased," they "also could not be treated as commodities." These theories no doubt created obstacles to the fostering of factor markets.



By comparison, few obstacles were met in recognizing the commodity nature of production factors like funds and technology. Many people failed to see the commodity nature of labor force. This problem of understanding to some extent reminds one of the failure to distinguish between the three concepts of laborers, labor force and labor mentioned above. For example, some people used the deeds of Lei Feng and Zhang Side to prove their argument that working people in socialist society are revolutionaries, that it is an insult to the integrity of revolutionaries to treat them as commodities. In so doing, they overlooked the fact that revolutionaries belong to the category of ethical concepts while laborers belong to the category of economic concepts. In economic terms, laborers are naturally not commodities. As to whether or not labor force and labor are commodities, the determining factor lies in how the means of production and labor force are combined in socialist economy at the present stage. The complicated situations in life may roughly be divided into three categories, one of which is made up of private and joint-venture enterprises. There is no need to discuss labor relations in this category, as these are naturally employer-employee relations, where labor force is a commodity. As far as laborers in the individual economy and peasants who make up the majority of China's population are concerned, they are working for themselves and are self-employed. Although their labor force is not sold like a commodity, it still is something for hire. Hence, the notion that "labor force is no longer a commodity" has to be further explored from the angle of labor relations in the public economy. The public economy covers the two categories of collective ownership and ownership by the whole people. At present, the most common form of collective ownership is that of township enterprises. Theoretically speaking, their property ownership belongs to residents of a township community. However, residents are not exercising their authority as owners of the means of production. This authority is exercised by their township government. In addition to local residents, the staff and workers of township enterprises also include residents of other townships. If we say that because local staff and workers are owners of the means of production their labor force is not a commodity, but that the labor force of outside staff and workers is because they have no right of ownership over the means of production, people may ask: Does this not mean that there are two kinds of labor relations between the staff and workers of the same township enterprise? Is it all right to compare the labor of the staff and workers of a local township enterprise to that of an enterprise owner? As to enterprises owned by the whole people, the means of production belong to the whole people in theory. This owner covers an extremely wide scope, as all 1.1 billion people of our country are owners. An enterprise only has a few dozen, hundred, thousand or ten thousand staff and workers. If, because they are owners of the means of production, they are not considered employees, what is their relationship with the other 1 billion plus people who are also owners of the means of production? And how do we define their respective power and responsibility? There is also the

question of how owner's rights are to be exercised. The only solution is to let the state represent the people, but in so doing we are turning enterprises owned by the whole people into state-owned enterprises. The fact is, the nature of state ownership cannot be equated with that of ownership by the whole people. In particular, the demand to separate government and enterprise functions in state-owned enterprises and turn these enterprises into independent economic entities goes against sweeping statements which regard all 1.1 billion people as owners of the means of production of enterprises. The premise for the theoretical disappearance of hired labor is the complete absence of obstacles to the integration of the means of production and labor force, and this is not present in China at this stage. This has produced many baffling problems. For example, given that in the previous 30 years urban residents and their rural counterparts did not enjoy the same rights in employment, how do we explain the capacity of rural residents as owners of the means of production of enterprises under ownership by the whole people? Can there be owners who are denied access to their enterprises? Traditional theories consider that labor force is not a commodity because they are owners of the means of production. In fact, the defining of ownership, use rights, management rights, and so forth, with respect to the means of production of state-owned enterprises, along with the structural reform, are areas which require further exploration. We cannot accept these as prerequisites for which no further proof is necessary, and thus take the notion that labor force is not a commodity as a prerequisite requiring no further proof. (Footnote 2) (This author is of the view that while the means of production of state-owned enterprises belong to the state, the labor force of laborers belongs to the individual laborers. The economic relations between these two types of owners, who also represent two types of ownership entities, can only assume the form of commodities. Thus, from the perspective of economic relations in state-owned enterprises, labor force is a commodity just as it is in other types of enterprises.) From the above, we can see that labor force is definitely a commodity in most economic sectors. As to whether or not labor force is a commodity in enterprises owned by the people, this author is of the view that it is. However, since there are disputes over this question, we should perhaps leave it for further discussion.

Some time ago, people were faced with further obstacles presented by traditional theories which consider that the labor market, as an integral part of the market system, needs to be fostered with care, while refusing to recognize labor force as a commodity. They tried to close the rift by resorting to roundabout theoretical explanations. On the one hand, they confirmed that labor force is not a commodity. On the other hand, they demonstrated and proved that in the commodity economy the flow of labor force is still subject to the law of market value. On the basis of the latter argument, they went on to say that the socialist market system is a unified whole, that funds, technology, land, labor force, and so forth have to be

circulated in society through the market to achieve the rational deployment and full utilization of resources. Since labor force is no exception and is also subject to the law of value, from an operational point of view the direction, scale, velocity and structure of the flow of labor force are all subject to the supply of and demand for labor force. Thus, the government should no longer intervene by means of unified allocation and distribution through administrative order as it did under the traditional system. Rather, enterprises and laborers, that is, the demand and supply sides of the labor market, should be allowed to exercise their free choice in accordance with the principle of voluntary participation, so that the market mechanism can play its role in the deployment of labor resources. As the market economy develops and strengthens, the influence of the market mechanism on the supply of and demand for labor force will grow. They then went on to say that even if we could do nothing about the theory which says that labor force in the state-owned economy is not a commodity, the fact that China is still in the primary stage of socialism, that diverse systems of ownership still coexist, and that labor force is still a commodity and is deployed and circulated under the labor market mechanism in the large number of non-state economic undertakings will definitely have its impact on the state-owned economy, compelling it to adopt the same mode for the circulation of labor force. These arguments remind us of the "theory of the outer shell." They are sufficiently convincing, and demonstrate the great pains taken to close the rift. However, do we really have to resort to this kind of reasoning today, when the socialist market economy has already been adopted as the target of reform? Is it not better to make a comparison and analysis between the ideal world where "labor force is no longer a commodity" and the reality in China today? This author is inclined to think that we should. The time is ripe. The key to refusing to be constrained by outmoded notions and daring to blaze new trails lies in courage.

## **II. The Actual Obstacles to the Fostering of the Labor Market Lie in the Administrative Constraints Imposed on Laborers by the Traditional State Apparatus In Its Capacity as the Employer and Distributor of Labor, as Well as In the Nonreciprocity Between the Two**

Classical authors laid down many preconditions for the socialist society they envisaged, and this is the case with the notion that labor force is no longer a commodity. In reality, these preconditions have taken on distorted forms, and have become aspects to be reformed. Arguments and economic relations connected with them also need readjustment. The issues explored in this article include the role of laborers, the position of the state in the employment system, as well as the nonreciprocity between the two.

The future socialist society envisaged by Marx is a collective body of free persons. It is a vast world where individuals can develop their freedom to the full. In "Anti-Duhring," Marx depicted that people would

choose their profession according to their own preference in the future society. Marx and Engels attached such great importance to the subjectivity of individuals and the realization of an independent integrity because, to them, the socialist revolution was for the emancipation of man and the elimination of the dependent role of the person. According to Marx, progress in the history of mankind meant more than the development of social relations, as it also referred to the development of man's ability to act on his own in the production of material means of livelihood. He believed that "social relations refers to cooperation between many individuals." (Footnote 3) (*Collected Works of Marx and Engels*, Vol 3, p 33) The practice of associated labor by free persons in the future society is a historical inevitability, since the trend of the association of labor is determined by the socialization of production. The proletariat is after the free association of labor where all means of production are society-owned, and is against the personal possession of the means of production and the exploitation of labor. The fact that cooperative factories formed by workers have already appeared in capitalist societies proves that associated labor will definitely replace hired labor. Marx also believed that only by eliminating the dependent role of the person would it be possible for individuals to achieve all-round development and acquire a fully fledged ability to act on their own. Social ties formed by individuals of independent personality, with their fully fledged social intercourse and manifold demands, represent a necessary stage in the transition to the future society, where personal freedom and individuality can develop to the full. To make this freedom and individuality possible, there must be a given system where individuals can exercise their ability to act on their own. Marx and Engels saw the establishment of man's primary role, the emancipation of man and the realization of personal freedom and individuality as the highest aim and ideal in the development of mankind. This means that individuals should be allowed to develop independently and have the right to decide their own actions. In the economic process, this should mainly be expressed in the right of individuals to contribute their productive ability to their chosen fields. This possibility for individuals to develop freely is the prerequisite for all people to develop freely together. The future society has the free and all-round development of individuals as its basic principle.

In reality, the right of self-determination enjoyed by laborers is a far cry from that enjoyed by free persons as envisaged by Marx. The present scope of self-determination is very limited, and the primary role of man has yet to be established. They are still free persons in a state of drowsiness, or free persons whose independent personality has just been awakened. From this stems the theoretical dispute over whether labor force is under state ownership or personal ownership. Traditionally, because unconditional acceptance of jobs assigned by the organization and compliance with arrangements made by the organization were principles that laborers must adhere to, laborers were not independent free

persons. Labor force was in fact state-owned, and there was a nonreciprocity between the state as the employer and distributor of labor and the laborers. This was the basis of the centralized job placement system. Thus, the proposition that labor force is under personal ownership is a major theoretical about-turn from the old theory that labor force is under state ownership. If we recognize that labor force is under personal ownership, we can no longer practice the centralized job placement system and have to permit individuals to exercise free choice of employment. If we recognize that labor force is under personal ownership while the means of production are under state ownership, the two integrating parties will not be one and the same owner, meaning that exchange relations, or commodity relations, are applicable where they are concerned. Thus, it is an extraordinary reform for the state to relinquish its ownership of (or control over) labor force as well as its special capacity as the employer and distributor of labor.

In reality, the smashing of the centralized job placement system began at the end of the 1970s when large numbers of educated young people returned to the cities to look for jobs. Knowing that they could not provide placements for all, the labor departments introduced an employment system which combined job recommendation by labor departments with employment agencies organized on a voluntary basis and job hunting on one's own initiative. This practice of not providing centralized job placements simply because of not being in a position to do so has not fundamentally touched on the drawbacks of the centralized job placement system, or the drawbacks of the state acting as the employer and distributor of labor. The state can only rely on self-awakening or self-perfection to give up its special role as the employer and distributor of labor. This is a process of transformation that is by no means easy to accomplish. Thus, it is not surprising that the practice of centralized job placements for university graduates was halted and then reintroduced more than once. This goes to show how difficult it is to fully comprehend the shackles of the old system of centralized job placements on the economy. In real life, the price we have to pay to ensure "jobs for everyone" under the system of centralized job placements is that we, as individuals, have to give up our right to choose our own jobs. Managers also lose their right to choose their workers. This results in an impasse where "jobs, once allocated, are for life." The so-called "departmental ownership of talents" not only means surrendering one's choice of employment to one's work unit; since housing and other welfare benefits also go with work, it also means that one literally belongs to one's work unit. Thus, individuals are still dependent individuals. Since they cannot exercise free choice in employment, place of abode, and so forth, and can only take what is offered, it means that opportunities between individuals are not equal. Only the lucky few who possess the right conditions can have their wishes satisfied. The majority do not have the luxury to compare or choose. Unequal opportunity compels people to look for equality in end-results. The logic of egalitarianism is that

since everything is decided by one's leadership at work, the leadership has the duty to ensure roughly the same income for all positions. When disparities in income which upset the equilibrium appear, it is necessary to restore the equilibrium by vying to catch up. Although egalitarianism and the practice of vying with one another in income have repeatedly come under the censure of theorists, they have still managed to find their way into every corner and nook of the economy.

Many people of insight the world over think China is not to be slighted, that the Chinese, with their virtue of hard work, are a nation of great promise. In reality, however, they find mainland Chinese and Overseas Chinese different, and find it baffling how they can turn from industrious to lazy people. The reason is that free choice of employment for laborers is the prerequisite for bringing the enthusiasm of laborers into play. The present situation is that when people have lost their right to choose their jobs, they try instead to exercise their choice in whether or not they should work hard or how hard they should work. Even leisure becomes an indicator of choice. It is the latter choice which produces diminishing returns on ethical, moral as well as material incentives, with the income contribution ratio curve, which is an indicator of laborers' enthusiasm, seen to be going down rather than up. The emergence of this behavioral mechanism is inevitable because when competition becomes futile and when there is no direct link between a person's labor and the economic turns he gets, his interest in and enthusiasm for labor will diminish. Why is it that our quality of service can only improve during quality week or quality month activities? Why do we criticize others for their poor attitude toward service when ours is just as bad? Why is it that loafing on the job is so common? The answer to these and many other baffling problems apparently can only be found in the limited scope of the freedom to choose to be idle when the freedom to choose one's job has been restricted.

From the perspective of the aim of reform, the capacity of the state as the employer and distributor of labor and the system of centralized job placement which goes with it must be changed. Unless these are changed, the development and fostering of the labor market as well as two-sided choice are out of the question. However, it is by no means easy to emancipate and change our minds, alter the government's function in labor and personnel matters, and slash the power of labor and personnel departments. As things now stand, workers cannot exercise their right to choose their own jobs, enterprises cannot make their own decisions on employment matters, and labor force cannot flow freely because the old system of centralized job placements for the labor force has not been smashed. How can a good job be done in the deployment of labor force when recruitment is carried out by the state, when enterprises are assigned workers, and when wage and welfare standards for different categories of staff and workers are fixed by the state, while enterprises as the demand side of labor force and laborers as the supply side of labor force are reduced



to a passive position? How can there be a labor market when this is allowed to go on? This old system should have been done away with long ago. Today, recruiting units are still assigned about 200,000 university graduates and ex-servicemen a year by the central authorities. The rural areas and township enterprises need extra personnel, but they do not get any because they do not fall within the scope of centralized job placements, while government offices, public institutions and enterprises are assigned personnel even though they do not need any. The drawbacks of this old system are too numerous to enumerate. It has never been an embodiment of the superiority of the socialist system. The abolition of this system no longer needs any other necessary conditions. All it takes is the determination and courage to go ahead with the reform. However, this is precisely the obstacle we have encountered in practice. Only by overcoming this obstacle will it be possible to develop a mechanism for the deployment of labor force which makes use of the regulatory force of the labor market.

### **III. The Contradiction Between the Enormous Supply of Labor Force and the Small Demand for Labor Force in China, and How This Can be Resolved**

Every production factor in factor markets has its special nature. The special nature of the commodity of labor force is that labor force cannot be separated from the person who sells it, and the person selling it must keep on living. That which cannot be sold today cannot be sold the day after. Thus, the supply side of labor force is always inferior to that of the demand side. This is not only because the former is a natural person while the latter is a legal person, but because the natural law of hunger compels the laborer to accept nonreciprocal treatment. As there is a wide gap between the supply of and demand for labor force today, the supply side finds itself in a particularly unfavorable position.

For this reason, even after labor force has been recognized as a commodity, thereby providing the necessary theoretical support for a labor market, it is still necessary to recognize that labor force is different from ordinary commodities and that the Chinese labor market is different from labor markets in other countries. Although the fact that supply exceeds demand in the Chinese labor market does not affect its role as an important factor market, it has given the operation of this market its own unique characteristics. For example, the introduction of the policy of low income for more employment, the imposition of restrictions on rural labor force seeking employment in cities, and the debate between full employment and subemployment have all stemmed from the excessive supply of labor force.

However, it is obviously wrong to attribute all problems of the labor and wage system to the fact that China has more labor force than needed. We say this because this situation will continue for a long time to come. It not only will not change before the end of this century, but will remain unchanged in the first half of the next century. If we leave these problems until after the supply

of and demand for labor force meet, we are in fact holding back the reform of the economic structure.

Nonetheless, we have to admit that this has created difficulties for the reform of China's labor employment and wage systems. Because we are faced with a choice between the principle of efficiency and the principle of stability in our handling of all problems, we find ourselves lingering between "two dilemmas." Where the aim of reform is concerned, we should of course insist on giving priority to efficiency. In recent years, we put forward the labor contract system and called on units to adopt the labor contract system for all personnel in an effort to define the labor relations between enterprises and laborers by legal means, thereby laying the foundation for two-sided choice. It is on this basis that the buyer-seller relations between the employer of labor and the employed find their expression, and it is on the basis of these universally present supply-demand relations where free choice can be exercised that the labor market operates. The promotion of the optimum organization of labor in enterprises, the fixing of personnel arrangements for different posts, and the appointment of personnel on a selective basis after examination and assessment have been adopted as regular practices of labor management in enterprises in the hope that these will produce an efficient labor organization. In connection with the wage system, steps have been taken to promote a system whereby total wages are tied to economic performance, a system under which employees' wages are determined by the skill level demanded by their jobs, as well as a variety of reward systems, in the hope that these will produce effective mechanisms of stimulation and restriction. These reform concepts are all aimed at promoting the optimum deployment of labor resources and arousing laborers' enthusiasm. They are all clearly set out. However, in carrying out reform in these areas, the fact that China has an over-supply of labor force has made it imperative to adopt "patch-up" measures to coordinate the relations of different quarters in order to maintain peace and stability in society while promoting reform measures based on the principle of giving priority to efficiency. For example, when the labor contract system was introduced, regular workers were still retained under a two-tier system, with "the new method applying to the new recruits and the old method applying to the old-timers." When the optimum organization of labor was carried out, there was also a call to make arrangements for the surplus staff and workers according to the principle of "relying on enterprises to provide jobs internally in the main, supplemented by regulation by society." When reform measures aimed at expanding the difference between wage income and bonuses were introduced, there was also a call to adopt measures to take care of those in the lower wage brackets. Because these measures are not market-oriented, and are in fact a kind of concession and preferential treatment for the force of habit, old ways of thinking, actual difficulties, and so forth formed by long-established labor management and wage systems, they tend to offset the reform measures adopted.

In that case, does it mean that these measures are wrong? Obviously not. The reason is that if these follow-up measures had not been taken, it would have been detrimental to peace and stability in society and impossible for the reform as a whole to develop in depth in a sustained and steady way. Although labor employment and the wage reform have always been plunged into "dilemmas" and had to trace their steps back and forth between the two possibilities, because they were determined by China's reality, they were unavoidable "dilemmas" and reversals. The 1992 reversal of "smashing the three irons" may be seen in this light. Owing to this, it is necessary to distinguish between two types of measures in reform. The first type refers to reform measures for the fostering of the labor market which are favorable to the optimum deployment of labor resources, including two-sided choice between the demand and supply sides of labor force, the free flow of labor force, and getting paid for labor according to the principle of efficiency. These measures are in keeping with aim of the structural reform for the socialist market economy. Although not all of these measures can be enforced, they will be the aims of reform in the long run and we need to move toward these aims step by step. The second type refers to stop-gap measures taken on account of the over-supply of labor force in China and the force of habit formed by the practice of "everybody eating from the same big pot and out of the iron rice bowl." These include the preservation of the regular staff system, the practice of "mainly relying on enterprises to provide jobs internally" for personnel made redundant during the optimum organization of labor, the principle of keeping wages low in order to provide more job opportunities, centralized job placements for university graduates, and restrictions on the flow of labor force. Although we have to resort to these measures now, in the long run they are but stop-gap measures taken in order to maintain stability and unity. When conditions are ripe, these will have to be improved on in accordance with the principle of efficiency, or abolished altogether. It will help us remain sober in "dilemmas" if we can distinguish between these two types of measures and understand that one type is the direction while the other is for contingency only.

It is necessary to have a comprehensive rather than a one-sided understanding toward the fact that the supply of labor force exceeds demand in our country, and to let it be clearly understood that this situation refers to total supply and demand only. In concrete day-to-day work, we are dealing with particular and not total supply and demand. In terms of the particular, demand exceeding supply exists in actual work. To begin with, there is a severe shortage of intellectual labor. The percentage of intellectuals in China's working population not only lags behind developed countries like Britain, the United States and Japan, but is smaller than that in developing countries like India. The traditional system of centralized job placements and notions of "taking officialdom as the standard of success" and "officials are superior" greatly narrows the employment options of intellectuals. This results in a serious situation where highly qualified people are packed in administrative units at various levels,

unable to break out. This means that the apparent over-supply of labor force is a direct result of an irrational structure, whereas in reality there is a serious shortage of educated personnel. There is thus an urgent need to carry out structural reform to ensure the rational deployment of intellectual resources. Next, there is the "contradictory situation" where having difficulty finding jobs and having difficulty finding workers coexist. With total supply of labor force exceeding total demand, it is logical for people to experience difficulty finding jobs. In reality, however, finding workers can also be a problem, and an increasing number of localities, sectors, enterprises and kinds of work are experiencing difficulty finding workers. The fact is, the problem of people not being able to find jobs and employers not being able to find workers exists to varying degrees in many countries. The reason is that the skills of the job-seekers do not match those required by the employers, and skill training takes time. In other words, this "contradictory situation" stems from contradictions in the technical know-how structure. These contradictions are of course present in our country. At present, the kinds of work for which it is most difficult to recruit workers are hard, dirty, heavy and tiring work posts which are labor-intensive and where working conditions are poor. These are mainly found in the trades of building construction, environmental hygiene, urban services, public transportation, inland navigation, forestry and mining. These sectors have difficulty recruiting workers in cities not because of contradictions which result in the technical know-how structure of the job-seekers not matching the technical know-how required by the recruitment units, as the technical know-how of peasant workers is obviously lower than that of the urban unemployed. We have to see the serious egalitarian tendencies in our original wage system, and understand that a slightly higher pay scale for hard, dirty, heavy and tiring work is not sufficient to attract people to join these professions. The contradictions remained well covered for some time only because the compulsory employment system of centralized job placements was practiced. Now, with the practice of compulsory job allocation changed, but with no action taken to widen the differences in pay between different kinds of work, recruitment difficulties arise. Regarding the flow of labor force between different sectors, the phenomenon of "having difficulty recruiting and keeping workers" has emerged in coal mining, the textile industry, environmental hygiene and such trades because these sectors require strenuous labor but remuneration is not commensurate with the strenuous labor required. In some cases, wage income is much lower than for the tourism and service sectors where labor is much lighter and working conditions are much better. The resultant changes in young people's choices of employment has produced a tilt and an imbalance in the employment structure, with "some people unable to find jobs and some jobs unable to find the right people." The once popular industrial sector has now become very unpopular for job-seekers. The main reason for irrational disparities in wage income lies in the economic gaps that have emerged between sectors and enterprises as a result of irrational pricing and other factors. Sectors where strenuous labor is required want to offer their staff and workers better terms of employment, but are not in a position to do so

because their economic efficiency is deemed to be poor due to irrational pricing. It is obvious that without coordinated reforms of the economy as a whole, changing the irrational distribution of income is no easy task.

In short, the aim of achieving a socialist market economy has put forward many new tasks for the reform of the labor system. In the past, restricted by the theory that labor force cannot be treated as a commodity under socialism, we were straight-jacketed in the formulation of reform measures. Today, we have to have a good re-think about this and other theories. Also, the scope of the labor market was given as narrow an interpretation as possible in the past. By interpreting the labor market merely as the intermediary venues and organs where the supply and demand sides of labor force meet and negotiate during interflow, many theoretical disputes were dodged. We must now restore the labor market to its true image. Only by recognizing as the labor market all interactions between the supply and demand sides of labor force can we approach the question of reform from the perspective of deployment of resources through market operation, and take the labor market as the starting point in exploring ways of reforming the labor employment and wage systems. It is precisely with this in mind that we have made the above theoretical probes.

#### **Surplus Rural Work Force To Hit 300 Million by 2000**

*HK1607014293 Beijing ZHONGGUO XINWEN SHE  
in English 1329 GMT 15 Jul 93*

[Text] Beijing, July 15 (CNS)—With the rapid growth of the rural population and the change of economic structure, the surplus rural labour force and the shortage of

jobs in the rural areas has become a very serious social problem. It is predicted that by the end of this century China's surplus rural labour force will reach 300 million.

According to a survey, despite the rapid development of township enterprises in recent years which have absorbed more than 100 million labourers while another 25 million have been absorbed into other non-agricultural occupations, the problem of the surplus labour force have not basically been solved. At present, China's rural labourers are put at some 450 million, 320 million of whom are agricultural labourers, 20 million more than the total in 1978. Some 13 million such labourers must seek other work. If this problem is not well handled, this will pose potential trouble to the country. Rural labourers going to the cities in search of work has eased to a certain extent the pressures on surplus rural labour.

To solve this problem, however, it will become necessary to change the rural dwellers into urban dwellers and bring about modernization of China's countryside.

To make rural dwellers into urban dwellers will involve a change of China's policies on household registration, the land system and housing for rural dwellers. The housing registration system must be suitably changed for the new situation for the movement of people and discrimination against peasants in terms of personal identity administration must be abolished. Equality between urban and rural dwellers must be recognized. Only in this way can the change of rural dwellers into urban dwellers be effected.



## North Region

### Beijing Congress Makes Personnel Appointments

SK1607095493 Beijing BEIJING RIBAO in Chinese  
18 Jun 93 p 1

[Personnel appointments approved at the third Standing Committee meeting of the 10th Beijing Municipal People's Congress—date not given]

[Text] Xu Yongsheng [1776 3057 3932] was appointed as director of the Overseas Chinese Affairs Office of the Beijing municipal people's government.

Xiao Yanjun [5135 3601 6511] was appointed as chairman of the Beijing municipal family planning commission.

Gao Yunhou [7559 0061 0624] was appointed as director of the Beijing municipal personnel bureau.

Zhou Zhiyong [0719 2535 0516] and Mu Ping [1970 1627] were appointed as vice presidents of the Beijing municipal higher people's court.

Ji Shuhan [4764 2885 5060] was appointed as president as the Beijing municipal intermediate people's court.

Ma Aidi [7456 5337 0966] was appointed as vice president of the Beijing municipal intermediate people's court.

Zeng Xiuping [2582 1485 5493] was appointed as chief procurator of the divisional procuratorate of the Beijing municipal people's procuratorate.

### Hebei Creates Administration Divisions

SK1607034093 Shijiazhuang HEBEI RIBAO in Chinese 3 Jul 93 p 2

[Text] After the merging of six pairs of cities and prefectures under the same name, including Shijiazhuang, our province's administration divisions at present include 10 prefecture-level cities; two prefectures; 19 county-level cities; 114 counties; six autonomous counties; and 34 districts under the jurisdiction of cities.

The 10 prefectural level cities are as follows:

1. Shijiazhuang city comprises the following six districts under its jurisdiction:

Changan District  
Qiaodong District  
Qiaoxi District  
Xinhua District  
Jiao District  
Jingjingkuang District

It comprises the following four county-level cities:

Xinji city  
Gaocheng city

Jinzhou city  
Xinle city

It comprises the following 13 counties:

Jingjing County  
Huolu County  
Luancheng County  
Zhengding County  
Shenze County  
Wuji County  
Zhaoxian County  
Gaoyi County  
Yuanshi County  
Xingtang County  
Zanhuang County  
Pingshan County  
Lingshou County

2. Tangshan city comprises the following five districts under its jurisdiction:

Lunan District  
Lubei District  
Dongkuang District  
Kaiping District  
Xin District

It comprises one county-level city of Zunhua.

It comprises the following nine counties:

Fengrun County  
Fengnan County  
Luan County  
Luannan County  
Leting County  
Qianan County  
Qianxi County  
Yutian County  
Tanghai County

3. Qinhuangdao city comprises the following three districts under its jurisdiction:

Haigang District  
Shanhaiguan District  
Beidaihe District

It comprises the following three counties:

Changli County  
Funing County  
Lulong County

It comprises one Man nationality autonomous county of Qinglong.

4. Handan city comprises the following four districts under its jurisdiction:

Hanshan District  
Congtai District  
Fuxing District  
Fengfengkuang District

It comprises one county-level city of Wuan.

It comprises the following 14 counties:

Handan County  
Guantao County  
Daming County  
Weixian County  
Quzhou County  
Qiuxian County  
Jize County  
Feixiang County  
Guangping County  
Chengan County  
Linzhang County  
Cixian County  
Shexian County  
Yongnian County

5. Xingtai city comprises the following two districts under its jurisdiction:

Qiaodong District  
Qiaoxi District

It comprises the following two county-level cities:

Shahe city  
Nangong city

It comprises the following 15 counties:

Xingtai County  
Lincheng County  
Neiqiu County  
Baixiang County  
Longyao County  
Renxian County  
Nanhe County  
Ningjin County  
Julu County  
Xinhe County  
Guangzong County  
Pingxiang County  
Weixian County  
Qinghe County  
Linxi County

6. Baoding city comprises the following three districts under its jurisdiction:

Xinshi District  
Beishi District  
Nanshi District

It comprises the following two counties:

Mancheng County  
Qingyuan County

7. Zhangjiakou city comprises the following four districts under the jurisdiction of it:

Qiaodong District  
Qiaoxi District

Xuanhua District  
Xiahuayuan District

It comprises the following 13 counties:

Zhangbei County  
Kangbao County  
Guyuan County  
Xuanhua County  
Chongli County  
Shangyi County  
Weixian County  
Yangyuan County  
Huaian County  
Wanquan County  
Huailai County  
Zhuolu County  
Chicheng County

8. Chengde city comprises the following three districts under its jurisdiction:

Shuangqiao District  
Shuangluan District  
Yingshouyingzikuan District

It comprises the following five counties:

Xinglong County  
Pingquan County  
Luanping County  
Longhua County  
Chengde County

It comprises the following three autonomous counties:

Kuancheng Man Nationality Autonomous County  
Weichang Man and Mongolia Nationalities Autonomous County  
Fengning Man Nationality Autonomous County

9. Langfang city comprises one district of Cian under its jurisdiction.

It comprises the following two county-level cities:

Bazhou city  
Sanhe city

It comprises the following five counties:

Yongqing County  
Guan County  
Wenan County  
Xianghe County  
Dacheng County

It comprises one Hui nationality autonomous county of Dachang.

10. Cangzhou city comprises the following three districts under its jurisdiction:

Xinhua District  
unhe District  
Jiao District

It comprises the following four county-level cities:

Botou city  
Renqiu city  
Huanghua city  
Hejian city

It comprises the following nine counties:

Suning County  
Xianxian County  
Wuqiao County  
Dongguang County  
Nanpi County  
Yanshan County  
Haixing County  
Cangxian County  
Qingxian County

It comprises one Hui nationality autonomous county of Mengcun.

The two prefectures remained in the province are as follows:

1. Baoding Prefecture comprises the following four cities:

Dingzhou city  
Zhuozhou city  
Anguo city  
Gaobeidian city

It comprises the following 16 counties:

Yixian County  
Xushui County  
Laiyuan County  
Dingxing County  
Shunping County (former Wanxian County)  
Tangxian County  
Wangdu County  
Laishui County  
Gaoyang County  
Anxin County  
Xiongxian County  
Rongcheng County  
Quyang County  
Fuping County  
Boye County  
Lixian County

2. Hengshui Prefecture comprises one city of Hengshui and the following 10 counties:

Jixian County  
Anping County  
Zaoqiang County  
Wuyi County  
Shenxian County  
Wuqiang County  
Raoyang County  
Gucheng County  
Jingxian County

Fucheng County

## Northeast Region

### Heilongjiang Secretary Meets Hong Kong Group

SK1407062293 Harbin Heilongjiang People's Radio  
Network in Mandarin 2200 GMT 13 Jul 93

[Text] On the afternoon of 13 July, Sun Weiben, secretary of the provincial party committee and chairman of the provincial people's congress standing committee, met with the visiting delegation of the commercial bureau of the New Territories in Hong Kong, headed by Mr. (Liu Huanghua), member and party affairs adviser of the National Committee of Chinese People's Political Consultative Conference [CPPCC] and member of the Legislative Council of Hong Kong.

On behalf of the provincial party committee and the provincial government, Sun Weiben welcomed the visitors to the province and thanked the various circles in Hong Kong for their concern and support for the province. He expressed the hope that the Hong Kong guests would visit and see more of the province.

Mr. (Liu Huanghua), head of the delegation, expressed his great willingness to further strengthen contacts with the province and to expand the sphere of cooperation.

Also joining the reception were Zhou Wenhua, chairman of the provincial CPPCC committee, and Chen Yunlin, vice governor of the province. Chen Yunlin briefed the guests on the province's basic situation and the province's situation in the investment environment, investment policies, and foreign trade. He also briefed them on economic and technological cooperation.

### Jilin Secretary's Report to CPC Congress

SK0107120193 Changchun JILIN RIBAO in Chinese  
19 May 93 pp 1, 2, 7

[Report delivered by He Zhukang, secretary of the Jilin Provincial CPC Committee, at the sixth provincial party congress on 24 April, entitled "Emancipate the Mind, Make Vigorous Efforts To Forge Ahead, and Struggle for Building Jilin Into a Developed Border Province Near the Sea"]

[Text] Fellow Comrades:

The Sixth Jilin Provincial CPC Congress has opened under the new situation in which the whole country is penetratingly implementing the guidelines of the 14th CPC National Congress and accelerating the pace of reform, opening up, and modernization! Now, I will deliver a report to the current congress on behalf of the fifth provincial party committee.



The 14th CPC National Congress held last October defined the guiding position of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, defined the strategic arrangements for the foreseeable future, and pushed the country's reform, opening, and modernization to a new stage. Major tasks of the current congress are: Summarizing the work since the fifth provincial party congress, defining the fighting goals and strategic tasks in the foreseeable future in line with the guidelines of the 14th CPC National Congress under the guidance of the theory of building socialism with Chinese characteristics, electing the sixth provincial party committee and its discipline inspection committee, and mobilizing the vast numbers of party members and the people of all nationalities throughout the province to continuously implement the party's basic line positively, comprehensively, and correctly, to further emancipate the mind, to pioneer the road of advance, to seize the opportunity to accelerate development, and to work hard to build Jilin into a developed border province near the sea.

#### 1. The Review and Summary of the Work in the Past Five Years.

During the five years since the convocation of the fifth provincial party congress, party organizations at all levels and the people of all nationalities in the province, under the leadership of the CPC Central Committee and the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, firmly and unswervingly implemented the party's basic line, emancipated the mind, worked hard in unity, and vigorously promoted reform, opening, and economic construction, thus maintaining political stability and the sustained development of the economy and creating a new situation in making Jilin prosperous.

All the tasks defined by the fifth provincial party congress were fulfilled, and gratifying achievements were scored in all fields of the province. Reform was deepened gradually, and the scale of opening was expanded continuously, thus creating the condition for establishing the socialist market economic system. The national economy developed very quickly, the comprehensive economic strength was reinforced continuously, and living standards of urban and rural residents improved by a relatively large margin. Comparing 1992 to 1987, the gross domestic product increased by 34.8 percent, financial income increased by 49.5 percent, the total volume of foreign exchange earned from foreign export trade increased by 180 percent, the per capita income of urban residents available for living expenses increased by 95.7 percent, or a real increase of 14.2 percent if price increase factor is deducted, saving deposits of urban residents increased by 320 percent, the per capita net income of peasants increased by 54.4 percent, or a real increase of 13.1 percent if price rise factor is deducted, and savings deposits of peasant households increased by 120 percent. The building of socialist spiritual civilization developed in a healthy way, and profound changes took place in the mental outlook of the people. Party

building and party leadership were strengthened. Party organizations at all levels in the province withstood the grim tests from the political storm taking place at the turn of spring and summer in 1989 and from the changeable international situation. Party members, cadres, and the masses were tempered and become more confident of socialism. Their enthusiasm in accelerating reform, opening, and socialist modernization was higher than ever before, and the whole province was full of vigor.

In the past five years, the people throughout the province made efforts to emancipate the mind, change ideas, and pioneer the road of advance. In the past five years, major progress was made in reform and opening, relatively great achievements were made in the socialist modernization cause, the people's living standards improved continuously along with the rapid economic development, party building and party leadership were strengthened, and new results were achieved in the building of material and spiritual civilizations. The work of the past five years could be summarized as unfailing adherence to the party's basic line, which is guided by the theory of building socialism with Chinese characteristics. It is the basic guarantee for the successive victories in our causes.

A. We made persistent efforts in emancipating the mind, uplifted the spirit, and proceeded from reality in braving the way forward. The fifth provincial party congress clearly stated that the most important task of ideological and political work was to further emancipate the mind. In the past five years, we always put the endeavor of emancipating the mind in the first place in every stage of economic construction, reform, and opening up and used this endeavor to promote other work in various fields. When giving work guidance, the provincial party committee paid attention to summarizing experiences and lessons on a regular basis, organized and sent groups to other localities in a planned manner to conduct study and observation activities, and held province-wide mass discussions on developing the commodity economy and the market economy. Since last year, we have conscientiously studied and implemented the important speeches given by Comrade Deng Xiaoping during his south China inspection and the guidelines of the plenary session of the Political Bureau of the party Central Committee held in March and have again created an upsurge throughout the province in emancipating the mind. We cleared up the confusion about whether our moves were "socialist" or "capitalist" and persistently regarded it as the basic criteria for judging the right and wrong and gains and losses of our work, whether we were helping develop the productive forces of the socialist society, whether we were helping enhance the overall strength of the socialist country, and whether we were helping improve the people's living standards. We overcame the conservative idea of satisfaction with things as they were and embraced the creative spirit of pioneering the way forward. We broke with the concept of the product economy and the thinking of Jilin as a landlocked province and enhanced the sense of the market

economy and the awareness in opening up, thus effectively promoting reform, opening up, and other work. We have deeply understood that emancipating the mind and changing ideas are the important prerequisites for success in all work. Every effort in emancipating the mind will bring about a breakthrough or leap in practice; and no effort in emancipating the mind will lead to ossified ideas and a standstill in our causes. Only when we persistently emancipate the mind can we brave the way forward and open up a new situation continuously.

B. We made persistent efforts in taking economic construction as the central task and aimed at accelerating development. All the work of the province was focused on this central task, subordinate to it, and served it. We created powerful public opinion and joint force in the entire party and entire society for concentrating efforts on economic construction. After acquiring a comprehensive understanding of the provincial conditions and analyzing the situation, we put forward a+ persisted in the idea of developing agriculture comprehensively, strengthening industry according to the established priorities, and striving to enliven commodity circulation and finance. We also made timely decisions on some major issues that had a bearing on the overall situation of economic development, such as relying on scientific and technological advance, optimizing the industrial composition, and improving the economic quality, to guide the province to economic coordination and steady development. To persistently take economic construction as the central task, we should concentrate efforts, seize the opportunity to accelerate development, and achieve real results. In 1992, thanks to the concerted efforts of the people throughout the province, we brought about a fundamental turn for the better in the industrial economy and basically completed the tasks of the economic improvement and rectification. Last year, the provincial party committee lost no time in putting forward the targets and measures for mobilizing the province to work hard for three years to bring the economy up to a new level, thus creating a good trend of vigorous development in economic construction.

C. We made persistent efforts in taking reform and opening up as motivation to promote economic development. Jilin's economic structural reform was gradually extended from the microeconomy to the macroeconomy and from single-item projects to overall coordinated projects and was developed in width and depth. The rural reform was deepened continuously. After stabilizing the responsibility system with household-based output-related contracts as the major form, we improved the dual management system combining unified operation with independent operation, gradually established the socialized service system, and continuously expanded the strength of township enterprises and the collective economy. Urban reform developed rapidly. On the basis of delegating more powers to enterprises and perfecting and developing the contract system, we expanded the experiments for the decontrolled management, positively tried the shareholding

system, and explored the new ways to change the operational mechanism of state-owned enterprises. The reform of the circulation system proceeded rapidly, and the proportion and function of market regulation increased gradually. The change of government functions and the organizational reform were being conducted, and the reforms of the social guarantee system and some other systems also made positive progress. During the past five years, although we suffered many difficulties in the road of advance, our determination to uphold reform did not waver. Instead, we always oriented reform to market orientation and pushed reform towards the orientation of building a socialist market economic system. We persistently used the reform methods to solve the problems emerging in reform and development. In particular, at the late stage of economic rectification, we increased the degree of reform in an appropriate manner, thus making the national economy develop continuously despite difficulties. In the past two years, we paid attention to opening the province to the outside world and used opening to promote reform and development, thus obviously accelerating the pace of opening. Substantive progress was achieved in building development zones, the environment for opening up improved gradually, foreign economic relations and trade developed rapidly, and a new pattern of opening to all directions, with development zones as the head, with central cities as the supporter, and with the border and highway areas as the key points, was taking shape.

D. We always persisted in the mass line and wholeheartedly depended on the masses. The provincial party committee approached the question of how to treat the masses by raising it to the high plane of the basic stance and party spirit, handled affairs, and thought of questions for the people by keeping firmly in mind the purpose of wholeheartedly serving the people; tried every possible means to do good turns and tangible things for the people by firmly proceeding from the fundamental interest of the people; and did much work and yielded practical results in the fields of improving the people's housing conditions and living environment, providing jobs for the people, making the compulsory education universal, preventing and curing endemic diseases, reducing peasants' burdens, and supporting the poor and solving problems for them. The provincial party committee conscientiously executed the "CPC Central Committee's decision on strengthening the ties between the party and the people," formulated detailed rules to implement this decision, and adopted many measures to improve its work, thus maintaining closer ties with the masses. We persisted in the party's mass line, shared a common fate with the masses, and struggled together with the masses with one heart and one mind. We respected the masses' pioneering spirit and made great efforts to fully exploit the people's initiative, enthusiasm, and creativity in the fields from stabilizing the rural output-related contract responsibility system to perfecting the enterprise all-worker contract system, from launching the social labor emulation drive to pushing the economy to a new stage through three years

of arduous struggle, and from the building of material civilization to the building of spiritual civilization. We paid attention to the work concerning the masses and groups as well as the militia reserve force and gave full play to their role in carrying out reform, opening, and modernization. We persisted in the line of doing everything for the masses, depending on the masses to do everything, and coming from the masses and going to the masses. We vigorously strengthened the investigation and study work. In making major policy decisions, we always conducted repeated deliberations and appraisals, solicited opinions from various fields, and made decisions in a democratic and scientific way, thus ensuring the sound development of various undertakings.

E. We always persisted in the principle of paying equal attention to economic development and ideological and political work, thus creating a good social and political environment for reform, opening, and economic construction. We earnestly implemented Comrade Deng Xiaoping's idea of firmly grasping both economic work and political and ideological work. While carrying out reform and opening, we conscientiously grasped the campaign of dealing blows to all sorts of criminal activities. While grasping economic construction, we paid attention to building the legal system. While grasping the production of materials products, we paid attention to grasping the production of spiritual products, thus making the building of a materials civilization and the building of a spiritual civilization develop in coordination. With the theory of building socialism with Chinese characteristics as guidance, propaganda and ideological work continuously provided spiritual motivation, ideological guarantee, good public opinion, and social environment for reform, opening up, and economic construction. The strategic position of science, technology, and education was further strengthened, and their ability to serve economic construction improved continuously. Press and publication, radio and television, culture and art, public health, and sports were made to flourish continuously, and family planning achieved good results. By improving public security comprehensively and strictly cracking down on serious criminal and economic offenses, social stability and normal work and living orders were safeguarded. Thanks to in-depth and meticulous ideological and political education, we took a firm stand concerning the major issues of right and wrong, carried out work with a clear-cut stand, correctly treated and handled the contradiction among the people, and consolidated and developed the stable and united political situation. Practice made us understand that reform, opening up, and the development of the socialist market economy had set a still higher demand on the spiritual civilization. The more we conduct reform and opening up, the more we should strengthen the spiritual civilization.

F. We made persistent efforts in strengthening party building and improving party leadership. Since the fifth provincial party congress, especially since the fourth plenary session of the 13th party Central Committee, the

provincial party committee, following the party's basic line and the requirements of the party Central Committee, made concentrated and unremitting efforts to attend to party building based on the need for consolidating the party's position as a ruling party and improving its ability as such; and adopted a package of positive ideological, political, and organizational measures and measures relating to work styles to conscientiously address the problems in party building. We seriously implemented the party Central Committee's decisions and instructions, attached importance to the overall situation, and maintained unity with the party Central Committee on our own accord. We adhered to the principle of democratic centralism and decided on all the major political, economic, and social development issues after discussions at plenary meetings or Standing Committee meetings of the provincial party committee. The sixth plenary session of the fifth provincial party committee made a "decision on stepping up efforts to improve the party's ideological and theoretical levels." Last year, we again made specific study and arrangements for further strengthening party building, improving party leadership, and enhancing party organizations' combat strength; persistently put the endeavor of ideological improvement in the first place; and armed all the party members in the province with the theory of building socialism with Chinese characteristics. We paid close attention to the improvement of leading bodies at all levels, grass-roots organizations, and the contingent of party members and enhanced the combat strength of party organizations. We made conscientious efforts to improve party style and administrative honesty, attached importance to and achieved success in handling people's petitions filed through their visits or letters, resolved contradictions in a timely manner, and improved the party's prestige. We educated all the cadres with party membership to enhance the sense of ruling party and improve the ability as a party in power. Focusing on reform, opening up, and economic construction, we probed the new ways of strengthening and improving party leadership, studied new problems, and accumulated new experiences. We made ceaseless efforts to improve the people's congress system and the system of multiparty cooperation and political consultation under the leadership of the communist party, consolidated and developed the patriotic united front of the new period, and strengthened socialist democracy and the legal system. We conscientiously implemented the party's nationalities policy and promoted the common prosperity and all-around progress of various nationalities. The practice of the past five years showed that in the new situation of reform and opening up, party building could only be strengthened and never slackened, and party leadership could only be improved and never weakened.

The achievements and progress in Jilin's work were won under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the leadership of the party Central Committee. They marked the new advancement on the basis of the great



amount of work done since the third plenary session of the 11th party Central Committee and the result of the concerted efforts of all the party organizations and the people in the province. On behalf of the Jilin Provincial CPC Committee, I will now extend heartfelt gratitude to all the Communist Party members, cadres, officers and soldiers of the Army and armed police forces, democratic parties, mass organizations, and people of various nationalities from all circles of the province!

We made great achievements in the past five years, but we should remain clear-headed to note the many difficulties and problems on our way of advancement and the many gaps and deficiencies in our work. We are still conspicuously lagging behind the coastal advanced provinces in the extend of mind emancipation, pioneering spirit, and overall economic level. Many problems still need to be addressed in strengthening and improving party leadership, leadership style needs to be further changed, leadership methods need to be further improved, and leadership level needs to be further upgraded. We have made many important policy decisions and formulated a series of policy measures, which have played a positive and promoting role in Jilin's reform, opening up, and economic construction. However, some policies have yet to be thoroughly implemented, and some good experiences and methods have yet to be consistently adhered to. There are still some problems we must not neglect in party style, administrative honesty, the spiritual civilization, democracy and legal system, and public security, and the masses still have many complaints and dissatisfaction. We should pay great attention to these problems and, when doing work in the future, treat them seriously and strive to solve them. Faced with the nationwide new situation in accelerating development, we should have a strong sense of urgency and responsibility, steel confidence, develop achievements, make up for deficiencies, and work hard to make Jilin's work still better.

## 2. Goals and Strategic Tasks To Be Attained in the 1990's

The next five years and the period till the end of this century constitute a very crucial period for Jilin's economic construction and social development. In the five years, we should comprehensively promote reform and opening up in depth and quicken the pace in establishing the socialist market economy system. After pushing the economy to a new stage in 1994, we should continue high-speed and highly efficient development and by and large achieve a fairly comfortable life. Whether we can draw up correct plans and persistently work hard for them is a very important issue because it will decide Jilin's position in the country as well as in Northeast Asia in the early 21st century. Party organizations at all levels must accomplish their tasks, have a sense of urgency in seizing the opportunity and a sense of responsibility for braving the way forward and creating the new, and lead the people of various nationalities throughout the province to advance firmly and in a down-to-earth manner.

The guiding thought for Jilin's work for the next five years is to conscientiously implement the guidelines of the 14th national party congress; adhere to the theory of building socialism with Chinese characteristics and the party's basic line; emancipate the mind; seek truth from facts; facilitate reform and opening up in line with the requirement for establishing the socialist market economy system; rely on science, technology, and education; accelerate economic development; strengthen party building; improve party leadership; and strive to build Jilin into a developed border province near the sea.

Building a developed border province near the sea is a major policy decision to accelerate the province's economic and social development. Building a developed border province near the sea has a profound economic, social, ideological, and cultural connotations. It means the change in ideas and concepts, the readjustment of development strategy, and the enhancement of economic and social level.

A. Building a developed border province near the sea is the reunderstanding of the province's situation. Along the coast and near the sea, the province is located in the heartland of Northeast Asia composed of Japan, Russia, the DPRK, the ROK, Mongolia, and northeast China. With a 1,400 km-long boundary line, being 15 km to the Sea of Japan, and being only 4 km to Posyet Bay in Russia, Jilin Province has the regional advantages of the Tumenjiang International Cooperation Gold Delta and the hub of the Eurasian Continental Bridge in the future and has advantages in natural resources, geology, and human and labor forces. In the past, we were accustomed to considering Jilin as an inland province, thus covering our field of vision, binding our hands, and missing a good opportunity. The concept of building a border province near the sea makes us change our visual angle to observe and analyze a question, produce many new ideas, do many things that we dared not to think and do in the past, and then liberate and develop productive forces.

B. A major implication of building a developed border province near the sea is to get through the frontier and lead the province to the sea, open the province to the outside world and make the province prosperous, and make the province become the center of Northeast Asia's economic cooperation zone. The Development Program of the United States is now positively promoting the development of Tumenjiang area and plans to build the Tumen Delta into the oriental Rotterdam. Comrade Deng Xiaoping repeatedly stressed that we should create another several Hong Kongs and open wider to the outside than in the past. And without opening to the outside world, there would be no development. We should pay high attention to the changes taking place in the pattern of the international economy and to the new trend of cooperation in Northeast Asia. We should seize favorable domestic opportunity of expanding the scale of opening and should take full advantage of our geological environment and all other favorable conditions to expand the sphere of opening, enhance the level of

opening, increase the proportion of the export-oriented economy, get through and expand as quickly as possible the traffic and transportation passageway so that through it the province can directly enter the neighboring countries in Northeast Asia, and make the province occupy an important position in the Northeast Asian regional economy, with the focus on accelerating the development and opening of the lower reaches of the Tumen Jiang area.

C. By building a developed border province near the sea, we mean accelerating reform and construction and enhancing the comprehensive strength of the province. Through the expansion of opening and the import of talented persons, foreign funds, technological and managerial experiences, we should accelerate the technological transformation of enterprises and the change of operational mechanism, promote the establishment of the socialist market economic system, optimize industrial structure, and rapidly increase total economic volume, improve the overall economic quality, and move the province's place in the country in terms of comprehensive strength.

D. The building of the developed border province near the sea demands the coordinated development of spiritual and material civilizations and the all-around progress of the society. The basic demand is: With the focus on developing the modern market economy of the socialist civilization, we should obviously improve the infrastructure and the social service system; effectively orient the government management to the socialist market economic system; enhance the educational level of the people; make education, science, and technology develop well; make culture flourish; improve the cultural quality and mental state of the people; obviously strengthen the scientific and technological advantages; maintain the good social order; make the human relations harmonious; make the members of society have lofty ideals; worship dedication; stress morality; abide by laws and discipline; create a healthy and civilized human environment of making progress and forging ahead; and orient the development and functions of the development and open areas as well as central cities to the demand of the modern market economy.

In short, building a developed border province near the sea is a correct revelation of Jilin's provincial situation and development road, a new and scientific summary of the strategy for provincial economic and social development, and a reflection of the strong desire of the people across the province for seizing the opportunity to accelerate the modernization program. We should unite the people's thinking and will in line with this endeavor and encourage and mobilize them to exert concerted and all-out efforts to make progress.

Building a developed border province near the sea is a grand project that will last until the next century. To turn this grand blueprint into reality, we should attain the following tasks of economic and social development in the next five years.

GNP should grow steadily to reach 86 billion yuan in 1997, with an average annual increase of 12.4 percent and attaining the 300-percent increase target three years ahead of schedule.

The primary, secondary, and tertiary industry should develop in a coordinated manner. The industrial output value should reach 123 billion yuan by 1997, showing an annual increase of 12.4 percent; the agricultural output value should reach 27 billion yuan, an annual increase of 5.0 percent; and the increased value of the tertiary industry should reach 27 billion yuan, an annual increase of 19.0 percent. The ratio of the primary, secondary, and tertiary industries should be 21:48:31.

Economic efficiency should be improved notably. By 1997, the profit-tax rate of the funds of all the industrial enterprises that exercise independent accounting should reach 13 percent, the per capita productivity of all local state-owned industrial enterprises that exercise independent accounting should reach 31,000 yuan, and the revenue should reach 9.2 billion yuan, showing an annual increase of 10 percent.

An initial basic framework of the socialist market economy system should take shape. State-owned enterprises should transform their operating mechanism in an all-around manner, enter the market, and truly become independent in management, in holding the responsibility for their own profits and losses, and in self-development and self-restraint. The market system, the government's macroeconomic regulating and controlling system, and the social security system should by and large meet the needs in the development of the socialist market economy.

Economic development should become more export-oriented and the proportion of the export-oriented economy should increase. The proportion of exports should account for 25 percent of GNP by 1997.

People should basically achieve a fairly comfortable life. Peasants' per capita net income should reach 1,100 yuan, and urban people's per capita cost of living income should reach 2,200 yuan by 1997. Construction of urban infrastructural facilities should proceed fairly rapidly, and the functions of central cities should be strengthened notably. The achievements in nine-year compulsory education and the work to eliminate illiteracy should be consolidated and developed, and an education system compatible with the needs in economic and social development should be established step by step. Social security undertakings should be developed more rapidly. The population growth should be kept within 11.5 per 1000, and people's living quality should be upgraded notably.

To accomplish the tasks of the reform and development for the 1990's and attain the target of building a developed border province near the sea, the most basic work is to always adhere to the party's basic line, unswervingly take economic construction as the central task, and

greatly liberate and develop social productive forces. As far as the strategy is concerned, we should grasp the following focal points.

A. We should further strengthen agriculture and rural work, greatly develop township enterprises, and expand the rural economy in all sectors. Agriculture is the foundation for the national economy and also the foundation for social stability and development. All our goals are based on a steady development of agriculture. Agriculture is an issue concerning the overall situation. Therefore, the entire party and entire society should attach more importance to agriculture and rural work. Jilin should all the more do so because it is a province where agriculture accounts for a large proportion. We should adopt various measures to realistically consolidate the fundamental position of agriculture. To suit the requirements for the construction of socialist modernization, we should conscientiously study the problems relating to agriculture and the rural areas according to the idea of developing the socialist market economy and building a well-developed border province near the sea, speed up the modernization of agriculture and the rural areas, and accelerate the pace of stepping toward the target of becoming fairly affluent. The most important factor is that we should mobilize, to the maximum, the enthusiasm of the peasants; and also realistically protect and guide their enthusiasm. We should resolutely and conscientiously implement the policy measures of the central authorities on strengthening agriculture, continue to lighten the peasants' burdens, show concern for their weal and woe, realistically attend to the work of supporting the poor, and protect the interests of the peasants. We should further deepen the rural reform, stabilize the responsibility system dominated by contracted responsibility on a household basis with payment linked to output, perfect the system of coordinating centralized management with decentralized management, vigorously strengthen the socialized service system, and gradually expand the collective sector of the economy. In line with different actual conditions, we should readjust the economic structure; strengthen the construction of the rural market towns; form a new pattern characterized by large-scale agriculture, large-scale circulation, and large markets; pay equal attention to the development of agricultural household-based economy, private economy, and collective economy; and speed up the improvement of the overall agricultural production capability. We should speed up the transformation of agriculture in line with the high-yield, good-quality, and high-efficient orientation and arm agriculture with science and technology, particularly modern new and high science and technology. We should use the high plane of industrial revolution to pay attention to and explore ways for reforming the manner of cultivation and the cultivation system. We should continue to increase the input to agriculture, improve the construction of farmland water conservancy projects, and upgrade the depth and precision of the use of various natural resources. We should continue to pay high attention to grain production; increase the varieties of grain;

improve the quality of grain; positively develop the production of animal husbandry, special products, forest fruit, vegetables, and aquatic products; encourage the development of foreign exchange creating agriculture; increase agricultural economic results; and continue to increase the income of the peasants. We should fulfill the task for making the vast land of Jilin green ahead of schedule; reasonably develop and protect the natural resources of Changbai Shan and Xianhai; and attend to environmental protection and protection and reasonable use of water resources. We should strengthen the management of state land and strictly control occupation of cultivated areas according to laws.

We should vigorously develop town and township enterprises and regard the development of town and township enterprises as a key point to comprehensively develop the rural economy as well as a strategic measure for building a well-developed border province near the sea. To this end, we should further define our understanding, work priorities, targets, and feasible measures. The areas at or below the county level should focus the development of the secondary and tertiary industries on developing town and township enterprises, strive to form industries with their own special characteristics, and form appropriate series of products. The central cities should do a good job in coordinating urban areas with rural areas, organize state-owned large and medium-sized enterprises to promote the development of town and township enterprises, and make urban areas and rural areas an organic whole. In developing town and township enterprises, we should pay attention to efficiency; strive to have a high starting point; and also positively develop town and township enterprises in places with natural resources and comparatively good transportation and market conditions.

B. We should vigorously develop the export-oriented economy. To build a well-developed border province near the sea, we should try every possible means to upgrade the functions for developing the export-oriented economy at the time of positively participating in the competition of the domestic market. All localities, industrial departments, and enterprises with conditions should study and readjust development plans on the basis of conscientiously investigating and analyzing the international market, particularly the situation of various countries in northeast Asia, and in line with their own conditions and the potential for domestic markets; and vigorously upgrade the export-oriented degree of economic development and the degree of establishing contacts with the international market. We should set our eyes on defining the province's strategic position in the regional economy of Northeast Asia, manufacture the internationally advanced products with the foreign advanced technologies, positively readjust the industrial structure according to the demands of the international markets, also cooperate with others provinces and municipalities to set up the industrial groups and the international belts with functions for creating foreign exchange through exports, vigorously develop foreign trade, and promote an economic take-off.



C. We should continue to strengthen industry on a priority basis and further develop and expand pillar industries and advantageous industries. As the leading sector of the national economy, industry is very important to the endeavor of building a developed border province near the sea. Jilin enjoys superior conditions and a fairly good foundation for developing industry. We have a fairly good foundation for China's four pillar industries designated at the 14th national party congress, especially the auto industry and petrochemical industry, which we should greatly strengthen continuously and whose leading role should be fully developed. Meanwhile, we should rapidly develop medical, food, and other advantageous industries as well as the basic raw materials industry and expand and adjust the light and textile industries to make their products more competitive and better at earning foreign exchange. Focusing on the pillar industries, advantageous industries, basic industries, and key projects, we should carry out supporting and extending projects and intensive processing industry successfully to develop coordinated development and promote industrial chains and enterprise groups. We should develop, on a priority basis, a number of little giant enterprises which are based on a high starting point and engaged in specialized mass production and coordinate their production more so as to improve their overall efficiency. We should concentrate efforts on the technical transformation of old enterprises and coordinate it with the endeavor of adjusting the product mix, restructuring the organization, and transforming the operational mechanism of enterprises. This is a pressing and key measure for strengthening industry. Meanwhile, we should also succeed in the construction of a number of new projects so that the total supply and total demand and the economic quality will be substantially increased and improved. The county and district economy plays a decisive role in the provincial economic development. The counties (cities) with superior conditions and better economic foundations should be supported so that they can accelerate development, become economically strong counties (cities) in the province, and play a model and leading role.

D. We should have more courage to expand the tertiary industry and the nonpublic sectors of the economy. Compared with coastal provinces, Jilin is less developed in its tertiary industry and sluggish in the development of the individual, private, and foreign-funded economies, which account for merely a small proportion. This constitutes a major gap between Jilin and the coastal provinces. We should further relax policies, develop the various sectors of the economy, and expedite the development of the tertiary industry by opening wider to the outside world and by relying on social forces. This is a prerequisite for building a developed border province near the sea and should be put in an important position. When developing the tertiary industry currently, we should focus on developing the trades related to cultivating the market and the trades serving the market, coordinate the development of the tertiary industry with

the transformation of the enterprise operating mechanism, separate from enterprises the functions that belong to social service, and establish a socialized overall service system and the social security system. We should build a number of markets which have complete facilities and good management and provide good service to sell chiefly regional highly competitive products and, at the same time, greatly develop other forms of intermediary organizations linking production with marketing. We should develop well real estate, tourist, information consulting, household service, and other new industries. The development and planning of the tertiary industry should be coordinated with urban construction and the construction of development zones and should be arranged properly and comprehensively. We should attach great importance to the development of urban neighborhood economy.

Expanding nonpublic sectors of the economy is an important task of Jilin's economic development. While giving play to the leading role of the public sectors, we should have the courage to develop the individual, private, and foreign-funded sectors. We may build new enterprises or merge, lease, and purchase state-owned and collective enterprises. We should also encourage foreign investors and protect their legal rights and interests from infringement according to law. We should continue the encouraging and supporting policies on credit, taxation, and industrial and commercial administration to facilitate the faster development of the nonpublic economies and develop still better their role in supplementing the public economy. We should not impose intervention as long as they operate according to law, pay taxes according to regulations, and conduct business with civility.

E. We should make efforts to solve the prominent contradictions affecting the economic development. Except for the economic structure, the economic system, and the operational mechanism, the strains on transportation, capital, and energy resources are the prominent contradictions seriously affecting current economic development. Therefore, we must adopt effective measures to tide over these difficulties. We should foster the idea of developing various branches of transportation service and persist in the principle of simultaneously developing railway, road, water, and air transportation. While continuously expanding the capacity of transportation service from south to north, we should speed up the reconstruction of the railway lines from east to west and the construction of highways. With highways, we should give priority to the construction of the Tuwu Highway, the Beijing-Harbin Highway, and the Changchun-Hunchun Highway and link main highways with tributary ones to ensure there is a convenient transportation service system in the province. As far as railways are concerned, we should give priority to the reconstruction and improvement of old railway lines and particularly ensure the electrification of the Harbin-Dalian railway line. Simultaneously, we should speed up the connection with the railway lines of the Russian Federation so as to go out of the sea through the Russian ports,

also positively strive to go out of the sea directly through Tumen Jiang, and further create conditions for pioneering international markets in Northeast Asia. It is necessary to expand the loading and unloading capacity of Changchun Airport, to build airports in Tonghua and Baicheng, and expand the construction of Yanji Airport. We should strive to gain state investment; assimilate foreign investment; and adopt the method of "repairing roads with joint investment, fixing new prices for new roads, making joint management, and sharing benefits" to mobilize all fronts' enthusiasm for developing transportation undertakings. We should speed up the development of postal and telecommunications undertakings; positively build a province-wide modernized postal and telecommunications network; ensure that the cities at or above the county level have been installed with program-controlled urban telephone switchboards and numerically controlled long-distance telephone systems; and ensure that the communications system be accessible to all parts of the province and satisfy the increasingly higher demands of the people. We should widen the way of thinking, collect construction funds from various channels, and upgrade the efficiency from use of capital. We should strive to gain state support, make good and flexible use of bank loans, adopt overall methods to enliven the use of idle funds, and pay full attention to eliminating the strains on capital. We should positively use the ready money of the people and the idle capital of society, boldly bring in capital from other places, and assimilate foreign investment. We should positively develop banking markets in a well-planned and well-guided manner; expand the issuance of bonds and stocks; establish and develop local and nongovernmental banking organizations; develop the social insurance business; and gradually set up a banking system dominated by the state banks and supplemented by the nonbanking organizations, including credit and investment companies; and bring into full play the banking markets' role in enlivening the capital. We should further speed up the development of the power industry and the construction of key power projects; pay firm attention to surveying, prospecting, and mining coal and petroleum; and attend to economizing on use of energy resources and developing and using new energy resources. We should positively pioneer channels for developing energy resources outside the province and set up stable energy supply bases.

F. We should rely on science and education to rejuvenate the province and pay high attention to respecting and developing new high technology industries. We should firmly foster the thinking that "science and technology are the primary productive forces" and the thinking that "education is the foundation for the project of vital and lasting importance," vigorously strengthen science and technology and educate, mobilize the enthusiasm of all fronts, increase the investment in science and technology and education, adopt realistic measures to develop scientific and technological and educational undertakings, comprehensively upgrade the quality of laborers, and finally embark on the orbit of mainly relying on science

and technology to develop the economy. We should persist in the principle of relying on science and technology to conduct the economic construction and making scientific and technological work, be geared to the needs of economic construction, pay high attention to transforming traditional industries with modern science and technology, do a good job in digesting and assimilating imported technologies and making creation with imported technologies, set up a scientific and technological operational mechanism suitable to the demands of the socialist market economy, and promote technological progress. We should adopt international standards to improve the quality, functions, and reliability of products and to upgrade the levels of the province's product mix, industrial structure, and technological structure. In line with the scientific and technological development in the world, we should pay particular attention to developing new and high technology industries. This is of extreme importance to upgrading the province's economic development level, readjusting the industrial structure, upgrading and updating the technologies and products, and upgrading the social structure by leaps and bounds. From now on, we should not only affirm the position of high and new technology in the guiding thought for economic work and fully understand its extreme importance to future economic development, but we should also organize special personnel to conduct study, formulate plans, and do practical work with earnest efforts. We should emphasize the development of new materials, bio-engineering, fine chemicals, integration of machinery and electronic industries, and other high and new technology. We should expedite the construction of the Changchun and Jilin state-level high and new technology industrial development zones and fully develop their role to facilitate the development of high and new technology and its infiltration into all trades of the province. To develop the role of the productive forces of science and technology, the key lies in commercializing scientific and technological achievements and industrializing scientific and technological development. We should deepen the reform of the scientific and technological system, tap the potential of scientific research units and scientific and technical personnel, and develop intermediary organizations to link scientific research units, colleges, and universities with production enterprises and the cooperation carriers that make the best of favorable conditions and share interests equally. We should encourage plants to establish scientific research institutes, support nongovernmental scientific research organizations, build various types of technology markets well, turn the scientific research institutes engaged in technological development into enterprises or organize them into enterprise groups more rapidly, facilitate the transformation and spread of scientific and technological achievements, and promote the integration of science and technology with the economy. We should respect and protect personnel and provide a good environment for their growth and development of ability. We should generously reward the scientific and technical personnel with outstanding contributions, recruit able ones with ample awards,

encourage them with a high salary to contribute their intelligence and wisdom, and bring in a great number of urgently needed personnel. We should adopt special policies to protect a number of veteran scientists with significant contributions and adopt various measures to use a number of young and middle-aged scientific and technical personnel with outstanding achievements. We should give credit and commend more personnel with outstanding contributions and create throughout society a strong sense and good atmosphere of "respecting knowledge and personnel" so that the personnel will have ease of mind, devote themselves to work, and develop their ability when working in Jilin.

Fundamentally speaking, the development of education depends on the rapid progress of science and technology, the emergence of large numbers of specialized personnel, and the universal improvement of the quality of laborers. We should persistently put education in a strategic position for development on a priority basis and conscientiously implement the "outlines for China's educational reform and development." We should comprehensively implement the party's education principles, improve education quality, and train more rapidly the personnel dealing with the export-oriented economy and the personnel urgently needed in the development of the market economy. Based on the needs in Jilin's modernization program, we should further restructure education, greatly intensify elementary education, and facilitate the implementation of the nine-year compulsory education according to law. We should actively develop vocational and technical education and attach great importance to the training of primary and middle-grade personnel with applicable skills. We should make regular higher education successful and strive to push some institutes into the rank of the top 100 key universities of the country. We should continue to intensify adult education focusing on on-the-job training and continued education. All levels should increase investment in education and encourage establishment of schools with the funds raised through various channels and measures and establishment of nongovernmental schools. We should deepen the educational reform in an active and yet prudent manner and gradually establish a new educational system compatible with the socialist market economy system and the reform of the political and scientific and technological systems.

G. We should step up efforts in building the socialist spiritual civilization, which is an important part of the endeavor to build a developed border province near the sea. We should intensify study of the spiritual civilization and let it be manifest in economic activities. While paying attention to the traditional content of the spiritual civilization, we should learn from and absorb the achievements of world civilizations and make more efforts to explore effective measures and ways to build the spiritual civilization. We should exert more efforts to promote the spiritual civilization, push it to a new level through fruitful work, train the new people who meet the "four requirements," and establish a new image for Jilin

people. Under the guidance of the theory on building socialism with Chinese characteristics, we should strengthen ideological and political education under the new situation, comprehensively enhance the level of civilization of the people across the province, and provide a strong spiritual impetus, intellectual support and political guarantee for reform, opening up, and modernization. In this aspect, first of all, we should do a good job in making overall planning and giving overall coordination and guidance and set forth clear demands and specific measures. We should persist in taking Marxism as the guidance, strengthen the building of theoretical contingents and the theoretical study of social sciences, deeply study the issues of general trends emerging under the new situation by integrating theory with practice, and raise feasible suggestions. It is necessary to uphold the orientation of "serving the people and socialism," and the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," invigorate literary and art creations, provide more and better spiritual food for the masses, do a better job in press, publication, radio and television work, raise the realm of thought of the people, and exert favorable influence on the sentiments of the people with healthy and civilized intellectual products showing the spirit of the times. We should strengthen medical care and health work as well as sports work, persistently grasp family planning, give fewer but healthier births, control the population, and raise the population quality. We should increase input in building spiritual civilization, pay attention to the building of cultural facilities and cultural networks and the comprehensive application of cultural means, and actively guide the people to carry out all sorts of healthy and progressive mass cultural and sports activities. It is necessary to conduct education on national defense among all the people, continue to successfully carry out "double-support work," persist in encouraging the Army and the people to jointly build spiritual civilization, and strengthen unity between the Army and the government and between the Army and the people.

We should give play to the superiority of ideological and political work and adhere to the socialist fundamental orientation. Among the party members and the people of various nationalities across the province, especially young people, we should further conduct ideological education on the party's basic line, patriotism, collectivism, and socialism, and actively advocate and promote the great pioneering spirit. Meanwhile, we should always pay great attention to the issue of social habits, resolutely resist the corrosive influence of the capitalist and feudal decadent ideologies, and foster a correct ideology, conviction, outlook on life, and concept on value. In this aspect, in addition to paying attention to education, we should also strengthen management. All trades and professions and all cities should proceed with their work of strengthening management, study and formulate a whole set of norms for social conduct and stipulations similar to "three main rules of discipline and the eight points for attention" to restrict their activities. Through strict management, a good order will



be formed. In the process of forming order, we should strengthen education and help the people raise their awareness and cultivate good habits. We should persist in unswervingly grasping and establishing new habits that integrate fine traditions with the spirit of the times. It is necessary to strengthen and improve ideological and political work, correctly handle the internal contradictions among the people in the practice of reform and opening up, solve all sorts of ideological problems of the people caused by the readjustment of relations of interests of the people, raise their mental ability to withstand the strains of reform and opening up, and mobilize the enthusiasm of the broad masses of people.

Young people are the future of the motherland and the most dynamic force for invigorating Jilin. We have to shoulder heavy tasks and have a long way to go in our socialist undertakings, and we have pinned hopes on the young people. The Communist Youth Leagues are the assistants and reserve forces of the party. We should give full play to their role in uniting with and educating the young people. The party organizations at all levels and all social sectors should care for the healthy growth of the young people and strive to train qualified successors for carrying out the socialist cause.

We should strengthen the legal system. We should strengthen legislative work, step up formulation and improvement of local laws and government regulations, and make full use of the legal means to provide good legal service to reform, opening up, and economic construction. We should strictly enforce the Constitution and laws, strengthen law-enforcement supervision, deal stern and prompt blows to various criminal activities and the sabotage of hostile forces, step up overall improvement of public security, eliminate the numerous hidden danger to stability and unity, continue the struggles to "wipe out pornography" and eliminate "the six vices," resolutely prohibit the ugly phenomena in society, and create a good social and political environment for reform, opening up, and economic construction.

### **3. Emancipate the Mind, Seek Truth From Facts, and Greatly Facilitate Reform and Opening Up**

In our effort to attain the grand goal of building a developed border province near the sea, the fundamental issue is to emancipate the mind, seek truth from facts, deepen reform, open wider to the outside world, and accelerate the growth and establishment of the socialist market economy system.

First, we should emancipate the mind, seek truth from facts, and continuously pioneer new fields of vision concerning reform and opening up. Emancipating the mind and seeking truth from facts are the quintessence of the theory of building socialism with Chinese characteristics. Emancipating the mind means to seek truth from facts persistently, smash the shackles of backward traditional concepts and outdated ways of thinking, make subjective understanding compatible with the

objective reality, and fully develop subjective initiative to work creatively. The changes in the objective world have no limit, and mind emancipation cannot be accomplished once and for all. We should consider mind emancipation and truth seeking a process to be deepened continuously. The most important work at present is to continuously raise the awareness in emancipating the mind and seeking truth from facts in line with the requirement for developing the socialist market economy and building a developed border province near the sea and to broaden the field of vision concerning opening up.

To emancipate the mind and seek truth from facts, we should have a good command of the dialectical materialist and historical materialist world outlook and methodology and establish a scientific way and method of thinking. Developing the socialist market economy and building a developed border province near the sea are a pioneering undertaking. Our ways of thinking and work, experiences, and knowledge have become incompatible with needs and even become obstacles. This requires that we use mind emancipation and truth seeking as a weapon to turn over a new leaf and make our thinking catch up with the developing practice. In this sense, the most fundamental work in emancipating the mind and seeking truth from facts is to update our concepts; change the way of thinking; abandon the narrow and ossified thinking, the thinking of choosing one from two, and other metaphysical ways of thinking that took shape under the product economy and planned economy systems; replace them with an open, active, and creative dialectical way of thinking; and strive to establish an all-embracing, three-dimensional thinking. This is a new demand on the endeavor of emancipating the mind and seeking truth from facts in the new situation. Only when we emancipate the mind by changing our way of thinking can we refrain from rigidly sticking to "what the book has said," abandon the past experiences, broaden the field of vision, transcend ourselves, and change our minds. The most valuable wealth in the world is the wisdom of human beings, namely creativity. The key to whether we can develop to the maximum the creativity of the party members, cadres, and masses in the province and turn it into a tremendous material force to transform the world also lies in whether we truly establish a scientific way of thinking. Party members and cadres in the province should fully understand the great significance and role of the dialectical way of thinking and conscientiously put more efforts into this. Through the change of the way of thinking, we should cultivate party members and cadres and have them possess the ability in making accurate judgment and choices as well as unique creativeness, make policy decisions become more scientific, and expand the nature of practice. We should go deep to the grass roots to conduct investigations and study and strive to grasp the objective law. We should have the daring to do the things needed by the grass roots and the things that are conducive to the work and the development of the situation and strive to do the things better. We should eliminate the long-term outdated

ideas, such as an inland consciousness, the idea of reliability, and the idea of sticking to old ways; foster the awareness of blazing new trails, the awareness of development, and the awareness of catching up with and surpassing the advanced; have the daring to be competitive; be good at surpassing the advanced; think of questions with new ideas; attend to the work with new ways of thinking; think of questions by putting the development of Jilin into the big tide of the nation-wide reform and opening up as well as the major environment of connecting with the international economy; approach from the high plane of building Jilin into a well-developed border province near the sea to accurately analyze and understand the provincial situation; creatively carry out the work; and better promote Jilin's reform, opening up, and modernization.

To emancipate the mind and seek truth from facts, we must persist in the standards for being conducive to the development of socialist society, the enhancement of the overall national strength of the socialist country, and the improvement of the people's livelihood so as to penetrate the results of understanding into practice. That whether we have actually emancipated the mind and whether we have sought truth from facts depends on the results of understanding. Therefore, to emancipate the mind and seek truth from facts, we should have the daring not only to think of questions and to say what we want to say but also to do what we want to do on the premise of suiting the fundamental standards for "being conducive to three aspects." We should accomplish what we promise to accomplish and ensure to do more and say less. The leading cadres at various levels should take the lead in emancipating the mind; enthusiastically engage themselves in the great practice of building a well-developed border province near the sea; and have the courage to assume responsibility, be creative, and take risks. We should be bold enough to change ideas, be inspired with enthusiasm, quietly immerse ourselves in hard work, and turn the results of the understanding about the importance of emancipating the mind into the real action of promoting the economic development and the overall social progress.

Second, we should put the opening up in the primary position of the work of building a well-developed border province near the sea. Opening up is a trend of the world as well as an important prerequisite for marching toward the world and enlivening the economy. To build a well-developed border province near the sea, we must attach prominent importance to the opening of the province to the outside world. Only when we open wide the gate of the province and reach the sea by opening the border areas to the outside world will we be able to turn the superior location and natural resources into economic advantages, to develop Jilin from a geographically border province near the sea into an economically and socially well-developed border province near the sea, and to make the people rich and the province prosperous. The people from higher levels downward across the province should define the thinking of expanding the

scale of opening up and speeding up the rejuvenation of Jilin and create a new situation of opening to the outside world with a new visual angle, a scientific viewpoint of opening up, and greater courage.

Persistently in line with the principle of linking the opening of the province to all directions with making a key breakthrough, we should conduct cooperation with the places south of the province, pioneer cooperation spheres in the north, and open increasingly more areas to the places east of the province. We should further expand the scale and spheres of opening up; concentrate efforts on opening increasingly more layers to the outside world and upgrading the level of opening up; upgrade the strategy of opening up; and bring into play the effect of opening up to the maximum.

It is necessary to promote and expand the scale and spheres of opening to all directions. The primary, secondary, and tertiary industries, various sectors of the economy, and all localities of the province should open themselves to the outside world at the same time. We should positively expand the scale of opening up in a step-by-step manner. We should bring into play the influential functions of the opening belt from Hunchun to Changchun, the frontier open belt, border areas, and the areas along railways and highways so as to promote the opening up and development of the province as a whole. At the time of positively developing the existing developmental zones, the province will make positive efforts to upgrade the opening layers of Hunchun, to run bonded areas, and to develop state tourist areas. We should provide a good environment and outstanding work achievements to widely invite businessmen from all directions, expand the spheres of inviting businessmen and bringing in capital, and open various channels to develop foreign economic relations and trade and external cultural exchange. It is necessary to reform the foreign trade system, to extensively carry out the methods of management on a cooperative or commissioned basis, and to positively apply for more foreign trade management rights for enterprises. We should consolidate and develop traditional markets and positively open new markets. We should pay attention to developing domestic economic and technological cooperation, actively participating in the associations of the northeast economic zone, strengthening and expanding the establishment of show-cases in special zones and coastal cities, and opening up various paths for connecting with the international market.

We should achieve breakthroughs in some major aspects and raise the effect of opening up at various levels. In addition to comprehensively advancing opening up, we should also concentrate energy on making breakthroughs in some major areas and spheres and give play to their effect in bringing along opening up in other areas. We should strengthen economic cooperation with all northeast Asian countries. The provincial authorities should give priority to developing the three state-level development zones in Changchun, Hunchun, and Jilin. Changchun should accelerate the building of high and new

technology industrial development zones and economic and technological development zones, and give play to its role as the provincial capital city. The whole province should support Changchun to build itself into a modernized international city as quickly as possible. In the Hunchun development zone, we should use the present situation as a base, keep our eyes on long-term development, accelerate construction in the light of the pattern of special zones, actively participate in promoting the implementation of the Tumen Jiang golden-triangle development plan, and enable Hunchun to rapidly become an important central city with comprehensive port functions and brisk economic and cultural activities in the northeast Asian economic cooperative zone. In Jilin city, we should strive to build it into a chemical industrial trade city as well as a tourist city that serves the whole country and marches towards the world. We should actively raise the level of the development zones and strive to turn such border cities as Jian, Yanji, Tumen, and Changbai into state-level open cities. We should persist in a high starting point while importing technology and raise the level of introducing technology. It is necessary to place the priority of introducing technology and funds on grafting and transformation of large and medium-sized enterprises, major construction items, high and new technology industry, and enterprises that create foreign exchange through export, and rapidly raise our province's technical equipment level and the grade of products. We should actively organize and establish enterprise groups that combine domestic trade with foreign trade and transcountry companies, and raise our province's ability to participate in competition on the international market.

We should improve the environment for opening up. Under the situation of having similar policies and conditions, the degree of appealing and effect in opening up is greatly determined by the tangible and intangible environments for opening up. We should accelerate the building of infrastructure facilities and make special efforts to build and beautify the city and keep it clean, and improve the investment environment. It is necessary to delegate powers to the lower levels, simplify procedures, and raise the efficiency of handling affairs concerning foreign businessmen. In our work, we should meet high standards; keep a quick pace; pay attention to reputation; render civilized, standard, quality, and highly efficient service; and foster a brand-new external image. We should actively train foreign economic and trade personnel, strengthen the building of foreign economic and trade contingents and strive to raise their quality. It is necessary to do a good job in building the legal system concerning foreign businessmen and handle foreign economic affairs in line with international practices.

Third, we should deepen reform and accelerate the building of the socialist market economic system. We should continue to uphold the idea of simultaneously reforming enterprises, markets, and macroeconomic regulation and control; expand the degree of reform; deepen

and accelerate the reform of the economic system; combine reform with development; rely on deepening reform to solve the in-depth contradictions in economic development; and accelerate economic development. We should strive to devote five years or a longer period to form a basic frame of the socialist market economic system in our province.

Large and medium-sized enterprises should complete changing the operational mechanism and enter the market. Our province has many state-owned large and medium-sized enterprises, playing an important role in the whole province's economy. Its mechanism and vitality, whether good or bad, will determine the progress of building a developed border province near the sea. We should accelerate and thoroughly carry out reform in this aspect. We should conscientiously implement the "Regulations on Transforming the Operating Mechanism of State-Owned Industrial Enterprises," give enterprises all the powers they are entitled to, and make active efforts to explore the new form to realize the public ownership system and new managerial methods with the focus on balancing the relations between various sectors in terms of property right so that enterprises will become legal entities independent in management and responsible for their own profits and losses and major participators in the market competition. We should further improve the managerial contract system. Enterprises strong in competition should chiefly adopt the property contracts in which all workers participate; large and medium-sized key enterprises which emphasize social benefits, whose business is monopolized by the state, and which shoulder heavy tasks of technical transformation should chiefly institute the system of management of targets and adopt overall contracts for input and output. We should actively experiment with the system of "separating profits from taxes and contracting for net interests of property" and channel as soon as possible the contract for profit delivery to the orbit of "separating profits from taxes and paying taxes before retention of profits." State-owned enterprises' problems left over from history should be solved group by group in a planned manner so that they can develop business based on equal competition. We should expand the experiment with the work of sorting out and verifying property at the selected key enterprises which urgently need to be renovated, shoulder very heavy burdens, but have bright prospects for development, apply state policies to them successfully, and seize the opportunity to lighten their burdens and enable them to advance. We should promote the shareholding system actively and yet prudently, and, after clarifying the property right, reorganize some state-owned enterprises according to the shareholding system, turning them into limited companies or limited liability companies whose shares are held by legal persons or by their staff and workers. Regarding the enterprises that have a bearing on the national economy and people's livelihood, are restricted by resources, or monopolize some businesses, they should be owned by the state, or their shares should be controlled by the state. Highly



competitive state-owned large and medium-sized enterprises should adopt the system under which their shares are chiefly purchased by the state or held by publicly owned corporations. State-owned small industrial and commercial enterprises and collective enterprises should be turned into shareholding cooperative enterprises. Meanwhile, we should enable a small number of limited companies where conditions permit to trade their stock in the market. We should accelerate enterprises' organizational restructuring and actively develop enterprise conglomerates and lateral economic cooperation. State-owned small enterprises and some medium-sized enterprises which have suspended production totally or partially, have experienced poor management, or do not have been run by the state should be auctioned off, leased, or declared bankrupt continuously, and banks, industrial and commercial administrations, and tax departments should greatly support this work.

We should change the government functions, streamline organizations, and actively promote the reform of the administrative system and government organizations in line with the principle of separating government functions from business management and the principle of streamlining, unification, and efficiency. Based on the requirement for developing the market economy, we should separate the government's administrative functions from the specific managerial functions of enterprise owners, develop state property management organizations, and establish a fairly complete state property management system. We should change the departments in charge of enterprises into ones in charge of trades, develop trade management organizations, and establish a trade management system for all the trades of society. We should improve and strengthen the functions of overall economic management departments and supervision departments and establish a macroeconomic regulating and controlling system that exercise indirect management and coordination chiefly through economic and legal means. We should accelerate the establishment of a series of social service organizations, such as accountants' offices, property appraisal offices, and lawyers' offices, so that enterprises can operate in an orderly manner and according to the law of and requirement for the market economy. Through reform, we should truly change government functions and make them concentrate efforts on overall planning, policy implementation, information guidance, organization and coordination, and inspection and supervision.

We should deepen the reform of the circulation system and accelerate establishment of the market system and improvement of the market mechanism. Based on the requirement for large-scale market and large-scale circulation, we should achieve success in the reform of the commercial, grain, supply and marketing, material supply, foreign trade, monetary, scientific and technological, labor, and personnel management systems and establish a market system and operating mechanism that help the rational circulation of various commodities and essential elements of production. We should emphatically develop the commodity wholesale market of all

categories and the market of key production element, focus on perfecting market mechanism, and optimize the distribution of natural resources through the role of market as the media. We should positively promote price reform, and bring the relations among commodity prices into better balance. Except for the small number of key commodities that have the nature of monopolization and that are subject to special regulations and except for the prices of labor services that are controlled by the state, the prices of commodities and labor services should all be decontrolled. We should form a price mechanism with the market prices as the predominance.

We should deepen the reform of the distribution system and establish and perfect the social guarantee system. The reform of the distribution system should be aimed at establishing a new type of distribution system giving consideration to both efficiency and fairness. We should continue to reform the wage system of enterprises. Enterprises should be authorized to decide their own distribution amount and forms on the prerequisite of making the increase in the total payroll lower than that in economic efficiency and making the increase in workers' average wage lower than that in the labor productivity. We should rationalize the relations among the prices of different organs. In the course of completing organizational reform, we should carry out the system concerning the wages to public servants. Oriented to the demands of market, institutional organs should run and manage themselves as enterprises as far as possible and carry out a wage system suitable for their business characteristics. In carrying out the reform of social guarantee system, we should aim at perfecting unemployment and old-age insurance systems, gradually expand the scale of social guarantee, promote the reform of various social insurance systems, gradually establish a social grantee system covering the whole society, and raise the socialized degree and service level of insurance programs. Where possible, all rural areas should positively carry out experiments for the old-age insurance system, deepen the reform of medical system, and gradually establish the social medical insurance system.

Fourth, we should consider the strengthening of management as an important link of building developed border province near the sea. Along with the change in the operational mechanism of enterprises, production and management of enterprises have been shifted from being subject to the planned guidance to meeting market demand, the management targets, methods, and means formed under the traditional systems have increasingly lagged behind the demands of new situation, and many advantages of reform have been offset by backward management. Therefore, we must list management as an important item on our daily agenda and establish and form as quickly as possible new management targets, methods, and means in line with the special operational features of the socialist market economy in the course of carrying out the system reform. We should organically combine reform with management, strengthen management while carrying out reform, make even better use of

the functions of reform through good management, and ask for rapid speed, fine quality, and good efficiency from management.

The strengthening of management must be conducted from the microeconomic field to the macroeconomic field. Viewed from the microeconomic field, management is the basic means of the orderly production and management of enterprises, and it is attached to the operational mechanism. What kind of operational mechanism we have requires us to have the same kind of management. Conversely, the results of the change in operational mechanism must be manifested and implemented at management. The current situation of enterprises shows that the level of management directly affects the realization and consolidation of the results of enterprise reform and bears on the enhancement of the strength and efficiency of enterprises' competitiveness. We should actually solve the problems with regard to the confused management, lax order, and poor efficiency of enterprises. We should strictly manage enterprises while changing their operational mechanism, bring the market mechanism into line with the relations of the profits of enterprises, and strive to attain the goals of regarding quality as the center, regarding efficiency as the objective, regarding technological progress as the foundation, regarding market demands as the orientation, regarding the restriction by profits and discipline as the means, and regarding the improvement of workers' quality as the essence. We should strive to successfully grasp the management of foundation and systems and use the modernized domestic and foreign management experiences as reference, provide targets for management, and conduct management in a standardized and scientific manner.

Viewed the macroeconomic situation, we understand that deep changes have taken place in the relationship between the governments and enterprises along with the deepening of reform. To suit the demands for the development of the socialist market economy, we should change the government management forms from direct mandatory management to indirect guidance management. The governments should conscientiously study ways for improving management; resolutely not manage the things that are not managed by them; conscientiously manage the things that should be managed by them; and concentrate main attention to the management on the setup of the market system, the construction of infrastructural facilities, the organization and improvement of the market order, the industrial scale and the economic structure, the regulation and control of the economic operation, the formulation of policies and rules, and improvement of service. We should vigorously mobilize and scientifically organize the enthusiasm of all fronts and ensure a sustained, harmonious, rapid and highly efficient development of the national economy.

#### 4. We Should Further Strengthen Party Building and Improve the Leadership of the Party

The key to setting up the socialist market economic system and building a well-developed border province

near the sea is to strengthen party building and improve the leadership of the party. The leadership of the party is the core of the strong cohesive power of the Chinese nation, the basic condition for political and social stability, and the guarantee for the smooth progress of the socialist cause. To this end, we should have a clear understanding.

The key to strengthening the leadership of the party hinges on the strengthening the thinking of the party leaders. Our party is the leading core of the socialist cause. The leadership of the party is the combination of political leadership, ideological leadership, and organizational leadership. Persisting in the leadership of the party is a principle that we must abide by in reforming the political system. Carrying out the policy on reform and opening up, developing the socialist market economy, and building socialism with Chinese characteristics is set forth by the party and also carried out under the leadership of the party. In the course of conducting reform, opening to the outside world, and developing the socialist market economy, we must neither shake the principle of taking the economic construction as a central link nor ignore the enhancement of party building. Our party is able to make a success in leading the revolution, reform, and construction. Simultaneously, we must notice that under the new situation, the party is confronted with new tasks for leadership and party building. In line with the requirements for reform, opening up, and economic construction, we should persist in the principle that the party should manage and strictly administer party affairs; strengthen the ideological, political, and organizational construction and the improvement of work style; improve the leadership of the party; improve the ruling quality; and bring into better play the party's role as the leading core.

A. We should arm the party members across the province with the theory on building socialism with Chinese characteristics and enhance the awareness and firmness of implementing the basic line of the party. The 14th party congress defined the guiding position of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. This is of great and far-reaching significance to the history of the party. The theory on building socialism with Chinese characteristics is the latest result of linking Marxism with China's actual conditions, the Chinese Marxism of the present age, and a powerful ideological weapon for guiding the realization of the new historical task. Using this theory to arm the entire party is a fundamental task to strengthen party building and improve party leadership, and party committees at all levels should put it in an important place and carry it out successfully. Propaganda departments at all levels and party schools and cadres' schools should develop their due role. Cadres with party membership, especially leading cadres, should take the lead in studying and using well the theory of building socialism with Chinese characteristics. We should conscientiously study Comrade Deng Xiaoping's strategic ideas, theories, and viewpoints and learn from his scientific

approach and creative spirit of using the Marxist stand, viewpoints, and methods to study new situations and solve new problems.

When studying the theory of building socialism with Chinese characteristics, we should have a good command of the quintessence of emancipating the mind and seeking truth from facts and the central issue of liberating and developing productive forces, completely and accurately understand the internal relations and theoretical systems of this theory, and master the essence of socialism. Liberating and developing productive forces is not only an economic but also a political issue. In studying the theory of building socialism with Chinese characteristics, we should further deepen our understanding of the party's basic line. The "one central task and two basic points" are a scientific summary of the experiences in the practice of reform, opening up, and the modernization program and an epitome of the theory of building socialism with Chinese characteristics. The "one central task and two basic points" are an organic whole. We should not only persistently take economic construction as the central task without wavering but also correctly handle the relationship between the "one central task" and the "two basic points" and between these "two basic points" and implement the party's basic line comprehensively. How we have studied the theory of building socialism with Chinese characteristics, in the final analysis, should be judged by our ability to apply it. To judge whether a person has studied the theory well, we should mainly see whether he can apply it; and to judge how he has applied it, we should mainly judge by the results in the application. We should strive to turn this theory into the ability of party members and cadres to understand things and into a material force to transform the world so as to promote and ensure the healthy development of the socialist cause.

B. We should achieve success in improving leading bodies at all levels and the party's grass-roots organizations to provide an organizational guarantee for reform, opening up, and the modernization program. All leading bodies should be leadership collectives who are politically firm, have the courage to pioneer the way forward, and make contributions. We should train and promote a large number of outstanding cadres in line with the policy of "four requirements" and the principle of giving consideration to both political integrity and ability. When judging a cadre, we should chiefly judge by his achievements, main aspects, and performance in applying the theory of building socialism with Chinese characteristics and in implementing the party's basic line and see whether he make earnest efforts to do practical work and whether he can create a new situation. Those who have outstanding performance and enjoy popular support should be used bravely. Those who have striven to conduct reform but have had some mistakes should be protected. Those who are reproached or framed due to adherence to principles should be supported. Those who make no attempt to advance and accomplish nothing should be reshuffled. We should cherish rural cadres and

support them to work hard according to party policies. We should intensify the training of young cadres and adopt various measures to promote outstanding young cadres. Members of all party and government leading bodies should be familiar with economic work, and their structure should be rational. We should attach importance to the training and promotion of women cadres and cadres of minority nationalities. We should continue to promote the reform of the cadres' system, persist in the exchange of cadres of different localities and public promotion and democratic appraisal of cadres, and adhere to the systems under which office cadres assume different posts in rotation and nepotism is avoided. We should improve the individual quality of the members of leading bodies and enhance the overall functions of leading bodies. We should achieve success in the work toward retired cadres, in the replacement of old cadres with the new, and in the cooperation among them.

We should strengthen the construction of the grass-roots party organizations. In line with the basic tasks as defined in the party constitution, the grass-roots party organizations should strengthen investigations and study and give different guidance to different cases. The higher-level party committees should dispatch personnel to the grass-roots party organizations to help solve problems if necessary. The grass-roots party organizations of the state-owned enterprises should explore, in the course of practice, specific methods and forms to bring their role as a political core into better play. On the premise of being conducive to the displaying of the party organizations' role as the political core and being conducive to production and management, the enterprises are allowed to determine, by themselves, the setup of the organs in charge of party affairs and the installation of the political working personnel. According to the actual conditions, enterprise party committee secretaries can concurrently hold the posts of plant directors (managers). Party and government leaders can hold two posts concurrently under specific regulations, relevant systems, discussion rules, and work procedures to determine what issues should be decided through the discussions of party committees, what policy decisions should be made by party committees, and what issues should be decided by administrative units. We should grasp the party building of enterprise associations, shareholding enterprises, and three types of foreign-funded enterprises; perfect, in a step-by-step manner, organizations; and do the work.

It is necessary to strengthen the education and management of party members and to maintain the advanced nature of Communist Party members. We should educate party members in line with the new situation, add new contents to the education for party members, strive to upgrade the political quality and the professional ability of party members, and make them suit the demands of reform, opening up, and economic construction. We should educate party members to strengthen the building up of party spirit and to enhance the thinking of the party. The Communist Party members should unconditionally enforce the party resolutions,



strictly observe party discipline, conscientiously fulfill their duty, and consciously safeguard the leading authority of the party. We should further do a good job in recruiting party members from among the workers in the forefront of production, peasants, intellectuals, and university students.

C. We should strengthen the improvement of party style and administrative honesty and narrow the flesh-and-blood relationship between the party and the people. To lead the people to build socialism with Chinese characteristics, we must carry forward the party's work styles of linking theory with practice, establishing close contacts with the masses, and conducting criticism and self-criticism; strengthen self-construction; diligently work for the people; be honest in performing official duty; and serve the people wholeheartedly.

It is necessary to resolutely overcome negative and corrosive phenomena. The more we carry out reform, open to the outside world, and develop the socialist market economy, the more we should persist in the principle of strictly administering the party and resolutely punishing the corrupt. We should continue to regard the investigation and punishment of undisciplined cases as a key link to strictly enforce party discipline and strictly investigate and handle cases of indulging in corruption, asking for and accepting bribes, trading power for money, seriously abusing power for private gains, practicing bureaucracy, and neglecting duties, particularly involving leading organs and leading cadres. We should resolutely correct the unhealthy practice within some departments and trades, oppose corruption, and strengthen the improvement of administrative honesty. We should set our eyes on education, base ourselves on construction, comprehensively improve administrative honesty, and strengthen the party members' sense of law and discipline. The party-member leading cadres should be strict with themselves, set an example for the people, and take the lead in struggling against the corrosive phenomena of damaging the interests of the party and the people. We should persistently be diligent, practice economy, and oppose waste and extravagance. At the time of strengthening education, we should strengthen the establishment of legal system and gradually bring the improvement of administrative honesty into line with the legal system. We should realistically strengthen the supervision over the party-member cadres by the party organizations and the discipline inspection organizations at various levels; enhance the supervision over the party by the masses, democratic parties, and mass organizations; and set up and perfect the system of supervision in and outside the party and supervision between higher levels and lower levels. Particularly, we should establish an effective mechanism of restraint to guard against the practice of abusing one's powers to seek personal gain and the unhealthy trends in various trades in the law-enforcement and supervision departments, economic management departments, public utility units, and the work posts in charge of managing personnel, finance and license issuance.

Through strengthening the building of the two civilizations, education, discipline, the building of democracy and the legal system, and other comprehensive measures, we should gradually eliminate the soil and conditions that lead to corrupt phenomena.

We should persist in performing official duties diligently and honestly, firmly cultivate the concept that making no contributions means a fault, and actively promote the pioneering, enterprising, hardworking and selfless dedicated spirit. Party-member leading cadres, in particular, should all the more work diligently day and night, and bring benefits to the people during their term of office. We should consider listening to the voice of the masses, observing their hardships and safeguarding their interests as a major affair and conscientiously solve the hot problems to which the masses have paid close attention. We should do a better job in the work concerning people's letters and visits and conscientiously handle their letters and visits. We should regard making leading organs serve the grass roots as one of the important systems. It is necessary to resolutely check the corrupt habits of bureaucracy and formalism which may affect our work adversely. There are many corrupt practices, such as holding an excessive number of meetings, issuing too many documents, wasting efforts, and increasing the burdens of the grass roots, which we must check with real efforts. We should guard against boastfulness, oppose telling ties and exaggerating contributions, guard against formalism, and promote the practice of telling the true, doing practical things, and seeking actual results.

D. We should meet the demands of the new situation and new tasks and strive to raise the party's ability to serve as a ruling party and its leadership level. Democratic centralism is the fundamental organizational principle and system of our party and country which we must implement with earnest efforts. It is necessary to persist in combining centralism based on democracy with democracy under centralized guidance, and establish and improve the democratic and scientific policy-making system and procedure. We should persist in conducting investigation and study, conscientiously listen to the opinions of party members and the masses, give full play to the role of relevant experts and all sorts of research and consulting organs, do a good job in appraising the major policy measures, and raise the level of scientific policy making. It is necessary to give play to inner party democracy, activate party life, and safeguard the democratic rights and interests of the party organizations at all levels and the broad masses of party members. We should improve the collective leadership system of the party committee. All major issues should be discussed and decided by the plenary session of the party committee and its standing committee. The party-member responsible cadres should have courage to assume responsibility and conscientiously solve contradictions and problems in their work. They are not allowed to work perfunctorily or shift their responsibility onto other persons. Still less should they be allowed to conceal faults and gloss over wrongs. We should strictly enforce the

party' discipline, consciously safeguard the party's unity and unification as well as the centralized and unified leadership of the central authorities, and guarantee unity in the whole party and the smooth implementation of the state government's decrees. These are the preconditions for fulfilling the arduous tasks. Party members, particularly the party-member cadres, should consciously maintain unity with the party Central committee and safeguard the leadership and prestige of the party committee. They should not be allowed to disrupt party unity. We should resolutely oppose liberalization, individualism, and cliquism. It is not allowed to gang up with other people or to create unprincipled disputes. We should uphold the principles, support one another, maintain unity and cooperation, and work together with one heart in times of difficulties.

We should actively explore a method for strengthening the party's leadership under the new situation. In addition to upholding the party's leadership over the state political life, we also must not embrace all specific affairs. The people's congresses, governments, the CPPCC committees, and all mass organizations and party organizations should actively publicize and implement the theses of the party committees and exemplarily implement the decisions of the central authorities and the party committees of their corresponding levels. The party committees at all levels should respect and support the people's congresses to exercise various functions, including legislation and supervision, in line with the powers vested by the Constitution and law, realistically safeguard the people's right to manage state and social affairs, and uphold and improve the people's congress system; actively support governments at all levels to foster administrative power and give play to the government's functional role in economic construction and in other aspects; uphold and improve the system of multi-party cooperation and political consultation under the leadership of the CPC; consolidate and develop the patriotic united front under the new period; and give full play to the role of the CPPCC, democratic parties, and the Federation of Industry and Commerce in political consultation and democratic supervision. We should strengthen and improve the party's leadership over mass organizations, such as trade unions, the CYL, and women's federations, and give full play to their role as the bridge to link the party with the masses. We should strengthen the building up of the reserve national defense strength and attach importance to the militia and reserve service work. We should implement the party's policies concerning nationalities, religious, and Overseas Chinese affairs in an all-around manner and should mobilize all positive factors to contribute to the reform, opening, and economic construction of the province.

Improving the skill to control the market economy is an important content in the improvement of the party's art of leadership and is an urgent task to strengthen the building of local party committees. Party committees at all levels should continuously improve their ability and

art of leading economic work, formulate economic development plans in a timely manner, be good at handling affairs according to economic law, realistically define goals and tasks, set forth major policies and measures, mobilize and organize the masses to work hard for fulfilling the plans, and strive to push the national economy to a new stage once every several years. Whether they can attain this goal is a test for leading cadres at all levels as well as the criterion for the party's art of leadership over economic work. No matter what work they are engaged in, all cadres at various levels should study and understand the economy, grasp the internal contact between economic work and various other items of work, and learn about and be concerned with the whole situation of economic construction. We should penetratingly study the theory of the market economy and scientific management; study science, culture, and all sorts of specialized knowledge; rapidly keep abreast of the change from the planned economic system to market economic system; and lead market economy in line with the internal law of the operation of market economy.

We should pay attention to organizational building. Party organizations are the key and hub of organizations at all levels. If party organizations are operated poorly and their work is not effective, intermediate obstructions will emerge, and it will be difficult to fulfill policies, no matter how good they are. Therefore, we must pay high attention to organizational building, improve the quality of cadres, strengthen the building of systems, and improve the efficiency of work.

Now, major policies, principles, and goals have already been defined. What is most important is to vigorously attend to implementation. This is a conspicuous issue of the current leadership style and work methods. In the future work, we should pay attention to implementation from beginning to end. The provincial party committee has decided to designate this year as the year to push the provincial economy to a new stage. This is a major measure to implement the guidelines of the 14th CPC National Congress as well as a starting point to build a developed border province near the sea. All departments at all levels should change their style of leadership, improve their methods of leadership, resolutely overcome formalism, unremittingly grasp implementation, and strive to yield practical results from implementation of good laws and policies.

In line with the guidelines of the 14th CPC National Congress and with the proposals of the provincial advisory commission, we will no longer set up the provincial advisory commission beginning from this provincial party congress. Since its establishment, to promote the province's reform, opening, and modernization, and to safeguard the unity of the party and the stability of the society, the provincial advisory commission has helped the provincial party committee do much fruitful work, thus playing an important role. The provincial party committee is satisfied with the work of the provincial advisory commission. On behalf of the provincial party

committee, I express my heartfelt thanks and extend my lofty respects to fellow veteran comrades of the provincial advisory commission!

Fellow comrades! The province's reform, opening, and economic construction are now at the key period to realize a new historical leap. The time in which we are placed is extraordinary, and the tasks we face are glorious but arduous. Let us closely rally around the CPC Central Committee, with Comrade Jiang Zemin as its core, under the guidance of the guidelines of the 14th CPC National Congress, firmly persist in the party's basic line, and work hard with one heart and one mind together with the people of all nationalities in the province, and make great efforts to build Jilin into a developed border province near the sea!

#### **Liaoning Secretary on 'Northern Hong Kong'**

SK1607004293 Shenyang LIAONING RIBAO in Chinese 16 Jun 93 p 1

[By reporters Xie Huaiji (6200 2037 1015) and Liu Zhenyuan (0491 6966 3293): "Standing Committee Meeting of Provincial Party Committee Decides To Accelerate Building of Dalian Into 'Northern Hong Kong'"]

[Excerpts] The Standing Committee of the provincial party committee held a meeting in Dalian's Bangchuidao on 14 and 15 June to particularly study the issue of building Dalian into a northern Hong Kong.

Building Dalian into a northern Hong Kong is the common demand of the five million people of Dalian and also the common desire of the people throughout the province. Based on the opinions discussed at the standing committee of the city party committee, Bo Xilai, deputy secretary of the Dalian city party committee and mayor of the city, gave a report to the standing committee of the provincial party committee on the morning of 14 June on the ideas and plans for building Dalian into a northern Hong Kong. He said: The strategic target of building Dalian into a northern Hong Kong is, based on the requirement for building a socialist modern international city, to initially build Dalian into a northern Hong Kong and enable it to by and large achieve modernization and become an important communications hub, an industrial base equipped with advanced technology, and a commercial and trade, financial, tourist, and information center of Northeast Asia in about 20 years. The implication of this endeavor

is to build Dalian into a socialist modern city which performs the functions as an international city, is operated according to the market economy and international practice, has a fairly high technological level, and plays a very influential role in domestic areas and the outside world. It possesses similar but not the same characteristics as Hong Kong's. First, its functions as a city are similar to those of Hong Kong. Second, its economic operating mechanism is similar to that of Hong Kong. Third, its development rate is higher than that of Hong Kong during the period of economic take-off. Fourth, it has the highly civilized socialist cultural structure and social features with Chinese characteristics. Bo Xilai also spoke on the practical steps and major measures for building a northern Hong Kong and some difficulties and problems in the operation. [passage omitted]

Quan Shuren, secretary of the provincial party committee, gave a summing-up speech on the afternoon of 15 June. He said: During this standing committee meeting, old and new comrades at the provincial and city levels held discussions together on the major work of building a northern Hong Kong and achieved unity in understanding. This is a meeting of historical significance, and it will help the reform and opening up of Dalian city and the entire province to develop in depth and to a still higher level. Quan Shuren said that building Dalian into a northern Hong Kong is a practical step to implement the guidelines of Comrade Deng Xiaoping's strategic idea of building several more Hong Kong's and his important speeches given during his south China inspection. Quan Shuren pointed out that the thinking of Dalian people and the people throughout the province should meet the new requirement for building a northern Hong Kong, and that Dalian should have greater courage, quicker steps, and broader spheres in reform and opening up and should eliminate the old ideas and concepts taken shape under the unitary planned economy system. He said: Building a northern Hong Kong is a process of practice and a process of blazing new trails. During the process, we may meet with many imaginable difficulties. For instance, the reform of the price system, labor employment system, and distribution system requires that we change our old ideas and concepts and embrace new concepts on value, morality, and legal system. In other words, building a northern Hong Kong involves improvement of the quality of all people. Quan Shuren also put forward specific opinions and requirements on the targets, scope of planning, steps to be taken, and current work arrangements for the endeavor of building Dalian into the northern Hong Kong.



**'Commentary' on Island 'Sheltering' Hijackers**  
HK1507144593 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1319 GMT 26 Jun 93

["Commentary" by staff reporter Zhang Lei (1728 5623)]

[Text] Beijing, 26 Jun (ZHONGGUO XINWEN SHE)—On the afternoon of 24 June, a Xiamen Airlines Boeing 737 airplane was hijacked by criminal Zhang Wenlong to Taiwan while the airplane was flying from Changzhou to Xiamen. The airplane landed at the Taoyuen Airport in Taipei.

This is the second hijacking incident in less than three months after a Boeing 757 airplane of the China Southern Airlines of the mainland was hijacked by criminals Liu Baocai and Huang Shugang to Taiwan on 6 April this year.

After the passengers and the airplane safely returned to the mainland, the Civil Aviation Administration of China, the Association for Relations Across the Taiwan Strait, and the Red Cross Society of China strongly demanded that the Taiwan authorities repatriate the three hijackers of the two hijacking incidents to the mainland as soon as possible so that the hijackers could be sternly punished according to law by judicial departments and serve as a warning for others.

However, the Taiwan authorities seem to turn a deaf ear to the demands and have delayed making any response. They even intend to mete out light punishment for the two ferocious criminals involved in the "April 6 hijacking incident" under the pretext of offering the so-called "humanitarian assistance."

As is known to all, as early as 5 May 1983, No. 296 passenger plane of the Civil Aviation Administration of China was, in the course of a flight, hijacked by ferocious criminals Zhuo Changren, Jiang Hongjun, and others to South Korea. On 13 August of the same year, the Taiwan authorities went as far as to regard the six hijackers as "chivalrous anticommunist people," "rescuing" them, and taking them to Taiwan. In December last year, Taiwan judicial departments concerned finally arrested and sentenced Zhuo Changren to the death penalty for kidnapping and killing the kidnap victim. This put an end to the absurd life of the hijacking ruffian.

On 12 May 1988, a Xiamen Civil Aviation Administration Boeing 737 passenger plane was, in the course of a flight, hijacked to the Qingquangang Air Force Base in central Taiwan. The two hijackers were only sentenced to three and a half years imprisonment. Furthermore, their prison terms were reduced on two occasions. As a result, they were released and were allowed to settle down in Taiwan after serving a sentence of only a little more than a year.

The consequence of these cases is quite clear.

Recently, the Law Society on the mainland held a forum specially to discuss the "6 April hijacking incident" and strongly demanded that Taiwan authorities take cross-strait relations into account and repatriate the two hijackers as soon as possible. All the jurists said that the two criminals meet the criteria for repatriation stated in the "Jinmen Agreement," and hoped that Taiwan authorities would keep their promise, implement the agreement, and repatriate the two criminals Liu Baocai and Huang Shugang as soon as possible. They said their repatriation would create a favorable atmosphere for jointly cracking down on crimes through further consultations between the two sides of the strait.

After the "6 April hijacking incident," the Association for Relations Across the Taiwan Strait, the Civil Aviation Administration of China, the Ministry of Public Security, and the Red Cross Society of China strongly demanded that the Taiwan authorities repatriate the two hijackers. An official of the Hong Kong, Macao, and Taiwan Office of the Civil Aviation Administration of China further said that the two sides of the strait have come to the same understanding that the hijackers of the "6 April incident" are criminals and that since they are criminals, they should be repatriated in the spirit of the "Jinmen Agreement" to the mainland to be punished. If the Taiwan side thinks that the "Jinmen Agreement" does not include contents about hijackers, the mainland side is willing to immediately hold talks on this issue with Taiwan organizations concerned. Either the Association for Relations Across the Taiwan Strait or the Civil Aviation Association can attend such talks, and an agreement on countering hijacking with an appropriate title can be signed between the two sides of the strait. The official also said that if the Taiwan side repatriates the two hijackers, it can repatriate them by sea or via Hong Kong.

Unfortunately, under the direct influence of the fact that instead of repatriating the hijackers, the Taiwan authorities have handed out light punishment for them, a similar incident has occurred in less than three months.

Even on the island, the people have also strongly demanded that the authorities should not shelter hijackers in disguise. Taiwan jurists have pointed out that the act of hijacking a civil airplane is a world-acknowledged serious criminal offence and that hijackers should be severely punished, no matter whether or not they have political aims or other intentions. Nevertheless, the Taiwan authorities have given light punishment for criminals hijacking civil airplanes from the mainland to Taiwan in recent years out of the so-called "humanitarian consideration." This way of sheltering criminals in disguise not only has caused the increase of similar incidents, but also has given more troubles to the authorities. In the same way, Taiwan's public opinion has also expressed that regarding the mainland's demand for repatriating the hijackers for trial, there is a precedent in the world. The precedent was set by Japan. It is not tenable for the Taiwan authorities

not to repatriate the hijackers to the mainland for trial under the pretext of "having jurisdiction."

In view of this, people can only ask: What is the purpose of the Taiwan authorities acting in this way? Is Taiwan "a paradise for hijackers"?

Today, relations between the two sides of the strait have become more relaxed with each passing day. The "Wang-Gu" meeting held in Singapore two months ago has helped people see the hope of progressive relations between the two sides of the strait. The Association for Relations Across the Taiwan Strait and Taiwan's Foundation for Exchanges Across the Taiwan Strait will gradually hold talks on five new topics involving legal

affairs. People hope that both sides can do their best to safeguard the interests of compatriots on the two sides of the strait.

Even with against this background, the mainland side has still placed hope on the Taiwan authorities and has strongly demanded the repatriation of the three hijackers. However, a satisfactory solution to the incident depends on a change in the practice of the Taiwan authorities. They should take the overall situation of the relations between the two sides of the strait and the interests of the people into account and join efforts with the mainland side in the prevention and cracking down on crime. Only this is the right way to act.

**Government To Crack Down on Driftnet Fishing***OW1507191193 Taipei CNA in English 1341 GMT 15 Jul 93*

[Text] Taipei, July 15 (CNA)—The Council of Agriculture (COA) will send a third patrol boat to the north Pacific on July 17 to assure that there is no driftnet fishing by any Taiwan fishing vessels in that area.

The Republic of China (ROC) currently has two patrol boats cruising on the high seas of the north Pacific, one of the major fishing grounds for Taiwan fishing vessels. "Any fishing boats found engaging in driftnetting will be given a heavy punishment," a COA official said.

The ROC Government has imposed a ban on the controversial driftnet fishing, which environmentalists say will also ensnare ocean animals such as dolphins and turtles. The Earth Trust, a Hawaii-based green organization, issued a statement on June 24 claiming that two Taiwan fishing boats, Chin Lai and Chin Chan, had been renamed in Singapore after registering with Honduras. The two ships, already equipped with driftnet equipment, were ready to sail for the north Pacific and begin operations, the organization argued.

The COA official, when asked to comment on the report, said his department is looking into the case and promised to make public the results of investigation at a later date.

**Foreign Firms Apply for Futures Brokerages***OW1507191893 Taipei CNA in English 1401 GMT 15 Jul 93*

[Text] Taipei, July 15 (CNA)—The Securities and Exchange Commission (SEC) has received 26 applications from home and abroad for establishing futures brokerage houses in Taiwan, SEC officials reported Thursday [15 July]. The applicants included nine local securities firms, six local banks and 11 foreign futures brokerages, the officials said.

Among the foreign brokerages intending to open branches here were America's ADM Investment Services Inc., Quantum Financial Services Inc. and First Option of Chicago, Singapore's UOB Bullion Ltd. and the London-based Metallgesellschaft Ltd.

The commission will complete screening of the applications within six months. SEC officials said if any of the 26 applicants is found to have engaged in underground futures trading here, its application will be rejected.

Once approved, a brokerage house will be allowed to trade foreign futures contracts listed on 11 futures exchanges in the United States, Britain, Singapore and France, including currencies, metals and grains. Futures trading is the buying and selling of contracts promising to deliver commodities or financial instruments at a future date, and is used by investors to protect themselves against price fluctuations.

In line with its financial liberalization policy, the government has decided to allow local people to engage in futures trading. In the initial stage, local investors can only trade in futures contracts listed on American, British, French and Singaporean futures exchanges. In the long term, Taiwan may establish its own futures exchange.

If all goes smoothly, SEC officials said, local people will be able to legally purchase or sell foreign futures contracts early next year. To clear the way for legal futures trade, the officials said, the government will launch a crackdown against underground futures trading.

The Bureau of Investigation has started collecting relevant information about illegal futures trading firms here and will join forces with the Securities Commission to raid them, the officials said. Market sources said there are more than 100 illegal futures trading houses believed to be operating in Taiwan. Such houses conduct a form of phantom trade among themselves, placing bets on the movement of contracts on major foreign futures exchanges such as New York and Chicago.

Under the newly-enacted Futures Trading Law, operators of illegal futures trading houses face a maximum penalty of seven years in prison and NT\$900,000 [new Taiwan dollars] in fines.

**Editorial on Attendance at APEC Summit***OW1607103793 Taipei THE CHINA POST in English 9 Jul 93 p 4*

[Editorial: "The ROC Should Be Represented at APEC Summit"]

[Text] The Republic of China (ROC) on Taiwan must be represented by its President Li Teng-hui if a conference of leaders from the Asian-Pacific Economic Cooperation Council (APEC) is held in Seattle November as proposed by the United States.

U.S. President Bill Clinton, in a public speech given in Tokyo where he is attending the three-day summit of the seven industrial nations, said he was consulting with the leaders of the 15-member APEC nations on the proposal.

As a member of the regional organization, Taipei should express full support for such a leadership conference, which Clinton is intent on discussing how to "bring down barriers that divide us."

But we must make sure that the ROC will be present at the proposed summit meeting through its leader just as the other APEC nations will. Any arrangement to downgrade Taiwan's participation in fear of angering mainland China will be discriminating and unacceptable.

Being a full APEC member, Taiwan has the right to be equally represented at any meeting held by the organization. And as a leading economic player in the Asian and Pacific region, Taiwan is both entitled and obligated to join in regional talks on trade barriers and policies.



Should an APEC summit be held with ROC President Li Teng-hui excluded because of unrealistic political consideration, it will seriously damage the nation's legitimate interests and the morale of its 20 million people.

The people will feel sad that their full support of the government in fulfilling international obligations over the decades still has failed to win the world's respect for their basic rights and dignity.

It behooves the United States and other leading APEC nations to intervene, should Taiwan's participation in the Seattle summit become an issue because of Beijing's opposition.

Beijing has no right whatsoever to represent Taiwan at that meeting or at any other international gathering. The mainland communist regime has never got the mandate from the people of Taiwan.

## Hong Kong

### Jiang Zemin Receives Preliminary Work Committee

HK1607095293 Beijing ZHONGGUO XINWEN SHE in English 0832 GMT 16 Jul 93

[Text] Beijing, July 16 (CNS)—Chinese President Jiang Zemin, speaking at a meeting today with all members of the work committee preparing for the Hong Kong Special Administration Region's Preparatory Committee, said that the setting up of the work committee signalled that the China's preparatory work on its recovery of sovereignty of Hong Kong had entered a new phase.

Mr Jiang congratulated the committee members, saying he believed that the committee would work in line with the principle of "one country, two systems" and would follow the decisions of the National People's Congress. He said that their work had the aim of promoting the smooth transition of the sovereignty of Hong Kong and enable Hong Kong to maintain its long-term prosperity and stability. He said he believed that the committee would surely fulfill its sacred tasks given by the Chinese nation including the six million people in Hong Kong.

Mr Jiang pointed out that the maintenance of Hong Kong's long-term prosperity and stability conformed with the long-term interests of both China and Britain. He said he hoped that China and Britain would eliminate any misunderstandings and strengthen mutual trust and cooperation.

### Jiang Addresses Members

OW1607103593 Beijing XINHUA in English 1023 GMT 16 Jul 93

[Text] Beijing, July 16 (XINHUA)—General Secretary of the Communist Party of China Jiang Zemin expressed the hope that the members of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region would make concerted efforts to make all necessary preparations for China to resume its sovereignty over Hong Kong in 1997.

Speaking at a meeting with the appointed members in Beijing this morning, Jiang expressed the belief that all the members would fulfill the noble and historical mission entrusted by all Chinese, including the six million Hong Kong compatriots.

The members are here attending the first session of the new preparatory working committee.

To complete the "glorious, arduous and important" task, Jiang said, all members should adhere to the fundamental principle of "one country, two systems", the Basic Law of the Hong Kong Special Administrative Region and other decisions made by the National People's Congress (NPC). The objective is to ensure the

smooth transition and transfer of power in Hong Kong so as to maintain long-term prosperity and stability in the region.

To realize the objective, said the party secretary, is in line with the long-term interests of both China and Britain. He expressed the hope that both sides could further eliminate obstacles and restore and strengthen mutual trust and cooperation and make joint efforts to fully implement the Sino-British Joint Declaration and other agreements reached between China and Britain.

The preliminary working committee under the Standing Committee of the NPC was set up on July 2, 1993, with 57 appointed members, 27 from the mainland and 30 from Hong Kong.

Also present at the meeting were Chairman of the NPC Standing Committee Qiao Shi, chairman of the National Committee of the Chinese People's Political Consultative Conference Li Ruihuan, Vice Premier Zhu Rongji, Vice President Rong Yiren, and Vice Premier and Foreign Minister Qian Qichen.

### Qiao Shi Presents Certificates

OW1607101993 Beijing XINHUA in English 0950 GMT 16 Jul 93

[Text] Beijing, July 16 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC), today presented certificates and made a speech to people who were appointed as members of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region of the NPC Standing Committee.

Also attending the certificate presenting ceremony were top officials from the NPC Standing Committee Tian Jiyun, Wang Hanbin, Lei Jieqiong, Wang Guangying, Lu Jiaxi, Buhe, Wu Jieping, and Cao Zhi.

Qiao said at the ceremony that China will resume its sovereignty over Hong Kong on July 1, 1997, which is a major political event for all Chinese people and a very important task for the Eighth National People's Congress.

He said that it is a hard and urgent task as less than four years stand between the present and that historical moment.

It is, he said, timely and necessary for the NPC Standing Committee to set up the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region according to the will of all Chinese people including Hong Kong compatriots and according to the decision of the first session of the Eighth NPC.

The NPC chairman pointed out that the new working committee will make full preparations for the establishment of the preparatory committee of the Hong Kong Special Administrative Region under the guidance of the

general principle of "one country, two systems" as illustrated in the Sino-British Joint Declaration and according to the Basic Law of the Hong Kong Special Administrative Region and decisions of the NPC and its standing committee.

That is important for the smooth transition and transfer of power in Hong Kong and will contribute greatly to maintaining Hong Kong's stability and prosperity in the long run, Qiao said.

The 57-member preliminary working committee consists of experts and people from all circles, with 27 from the mainland and 30 from Hong Kong.

Qiao expressed the hope that all the members will join together to do a good job.

He also expressed the hope that the members will help unite the Hong Kong people, widely solicit opinions and suggestions of Hong Kong compatriots, pool their wisdom and efforts to create conditions for the establishment of the Preparatory Committee of the Hong Kong Special Administrative Region.

Qiao said that the members are entrusted with a glorious yet hard mission.

He expressed the belief that the preliminary working committee will never let the Chinese people down and will complete all tasks under the leadership of the NPC Standing Committee and with active support from the Chinese people, especially Hong Kong compatriots.

#### **Preliminary Work Committee Starts Ad Hoc Groups**

HK1607053293 Hong Kong WEN WEI PO in Chinese  
16 Jul 93 p 5

[Dispatch from Beijing by staff news team: "Preliminary Work Committee Sets Up Five Ad Hoc Groups Involving Political Affairs, Economics, Law, Culture, and Social Security"]

[Text] Beijing, 15 Jul (WEN WEI PO)—A meeting of the presidium of the Preliminary Work Committee of the Preparatory Committee of the Hong Kong Special Administrative Region was held today to set up five ad hoc groups. The following is a name list of the members and group leaders (names printed in boldface) of these ad hoc groups:

The Political Affair Ad Hoc Group (formed by 25 members)

Hong Kong: Sze-yuen Chung, Lo Tak-shing, Wong Po-yan, Tsang Yok-sing, David Chu Yu-lin, Lau Siu-kai, Lau Wong-fat, Tsui Tsin-tong, Dorothy Liu Yiu-chu, Cha Chi-ming, Ngai Shiu-kit, **Leung Chun-ying**, Chan Yat-sun, Rita Fan Hsu Lai-tai, Simon Li Fook-sean, Nellie Fong Wong Kut-man, Lo Shuk-ching, Xu Simin.

China: Wang Fengchao, Chen Wei, Zhao Jihua, **Xiao Weiyun**, Shao Tianren, Zhou Chengkui, Qin Wenjun.

The Economic Ad Hoc Group (formed by 25 members)

Hong Kong: Li Ka-shing, Henry Fok Ying-tung, Shao You-bao, David Li Kwok-po, Vincent Lo Hong-sui, Tsang Hin-chi, Cha Chi-ming, Wong Po-yan, **Nellie Fong Wong Kut-man**, Li Chak-tim, Ngai Shiu-kit, Sze-yuen Chung, Lau Wong-fat, Leung Chun-ying, Tam Yiu-chung.

China: Zhou Xiaochuan, Chen Yuan, Li Guohua, Yu Xiaosong, Gan Ziyu, **Gao Shangquan**, Jing Shuping, Wang Qiren, Li Weiting, Wan Shaofen.

The Law Ad Hoc Group (formed by 14 members)

Hong Kong: Dorothy Liu Yiu-chu, Maria Tam Wai-chu, **Simon Li Fook-sean**, David Li Kwok-po.

China: Wang Fengchao, Chen Wei, Chen Ziyang, Zhao Jihua, Wang Shu-wen, **Shao Tianren**, Wu Jianfan, Wang Qiren, Xiao Weiyun, Qin Wenjun.

The Cultural Ad Hoc Group (formed by 12 members)

Hong Kong: Ng Hong-man, Xu Simin, Tsang Yok-sing, **Raymond Wu Wai-yung**, Lau Siu-kai, Tsang Hin-chi, Li Chak-tim.

China: Li Weiting, **Wu Jianfan**, Wan Shaofen, Zhou Chengkui, Tian Qiyu.

The Social Affairs and Public Security Ad Hoc Group (formed by 13 members)

Hong Kong: **Rita Fan Hsu Lai-tai**, Li Chak-tim, Ng Hong-man, Lo Tak-shing, David Chu Yu-lin, Maria Tam Wai-chu, Tam Yiu-chung, Lo Shuk-ching, Tsui Tsin-tong.

China: Tian Qiyu, Xu Huizi, Chen Ziyang, **Wang Shu-wen**.

The line up of the above ad hoc groups is the result of a preliminary arrangement proposed by the presidium after having consulted with members of the preliminary work committee. One must not rule out the possibility that this name list may be adjusted on the basis of more thorough understanding by preliminary work committee members of the specialized functions of the ad hoc groups after yesterday's meeting.

#### **PRC, UK To Hold 9th Round of Talks in Aug**

HK1607025293 Hong Kong HSIN PAO in Chinese  
Jul 93 p 5

[Report: "China, UK Agree To Quickened Pace of Talks, Advance Ninth Round of Talks to Mid-August"]

[Text] China and the UK originally decided to adjourn their talks on Hong Kong's political arrangements in



August. However, after the two countries' foreign ministers met, they decided to hold the ninth round of talks in the third week of August.

It is said that Hong Kong Governor Patten will be on vacation in August on doctor's instructions in order to aid his rehabilitation from his heart operation. He will go to Italy to spend the holidays with his family. During the ninth round of talks, he will stay in Rome to make it more convenient for the Hong Kong Government and the British Foreign Office to send briefings to him through the British Embassy in Rome.

The Executive Council originally planned to adjourn in the first three weeks of August and resume on 24 August. However, because China and the UK decided to restore the talks ahead of time, the Executive Council is considering whether it needs to hold any special meetings to make preparations for the ninth round of talks. The British officials involved in the talks have all shortened their vacations and will return to work the second week of August. However, William Ehrman, political adviser to the Hong Kong Government, will not attend the talks, as he will be transferred to a new job when the talks resume.

According to sources of the Chinese side in Beijing, in order to accelerate the process of the Sino-British talks on Hong Kong's political issues, the Chinese side hoped that the talks would continue in August in order to achieve results as soon as possible. The sources of the British side told HSIN PAO that the British side also hoped to quicken the pace of the talks, so they agreed to resume the talks ahead of schedule in order to show their sincerity.

The Chinese sources pointed out that it was the British side who proposed to adjourn the talks in August. For the Chinese side, there is no problem if the talks are held in August. The Chinese diplomats do not have the habit of taking vacations in August.

The sources also said that it is not necessary to adjourn the talks in August, even though in the eighth round of the talks both sides expressed a desire to have more time to review the talks and work out new strategies.

According to the sources, in order to show the Chinese side's sincerity, during British Foreign Secretary Hurd's visit to Beijing, the Chinese side proposed to hold the ninth round of talks in August in order to quicken the pace of the talks. This was an idea endorsed by both sides at the foreign ministers meeting.

Chen Wei, a Chinese official involved in the Sino-British talks, yesterday told HSIN PAO that many issues have yet to be solved and a great deal of work has yet to be done, so he will not be on vacation in August, and will continue to work for the talks. Qin Wenjun, deputy director of the XINHUA Hong Kong Branch, also indicated that taking vacations in August was the British side's idea, and the Chinese side had no plan to take vacations.

### Beijing Official Discusses Issues in Hong Kong

HK1507130793 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1324 GMT 14 Jul 93

[By staff reporter Duo Duo (1122 1122)]

[Text] Hong Kong, 14 Jul (ZHONGGUO XINWEN SHE)—Wang Qiren, deputy director of the State Council's Hong Kong and Macao Affairs Office, and his company will conclude their visit to Hong Kong and return to Beijing tomorrow. Before he left Hong Kong, Wang Qiren granted an exclusive interview to ZHONGGUO XINWEN SHE, talking about his feelings on the current visit and also answering some questions about the issues that concern Hong Kong people.

### An Interview Covering Extensive Topics

Wang Qiren visited Hong Kong as a guest invited by the XINHUA Hong Kong Branch; the working visit was arranged only by the Chinese side and was also a private visit. During a 13-day stay in Hong Kong, he met with Hong Kong people of all social strata and from various circles, including deputies to the People's Congress, committee members of the Political Consultative Conference, Hong Kong affairs advisers, industrialists and businessmen, District Board members, and representatives of major chambers of commerce, grass-roots organizations, and social organizations. He also met with new and old friends.

Wang Qiren and his company also visited Hong Kong's futures exchange, stock exchange, gold and silver exchange, container terminals, such China-owned enterprises as the Bank of China Group, the China Travel Service, China Resources, and China Merchant's Steamboat Navigation Company, as well as such institutions as the Land Committee, the Office of the Chinese Representative to the Joint Liaison Group, the Airport Consultative Committee, and the "One Country, Two Systems" Economic Research Center.

Although he could only rest five to six hours a day, Wang Qiren still had ease of mind in his visit to Hong Kong. He listened to many opinions and proposals, and he said that this was very helpful to the settlement of various Hong Kong issues in the transitional period. He expressed gratitude to Hong Kong friends in all circles.

Wang Qiren said that in Hong Kong, people he contacted all expressed a strong demand: They hoped for Hong Kong's smooth transition, and hoped to preserve Hong Kong's prosperity and stability before and after 1997. Wang said that the countdown to 1997 has begun now, so it is more necessary for China and the UK to strengthen their cooperation.

Wang Qiren said: Hong Kong's role in the world is determined by its status as a trade, financial, shipping, and economic center. So, maintaining Hong Kong's position as a center in these four aspects must be maintained, and Hong Kong's economic prosperity is the greatest politics in Hong Kong.

#### **Viewing the Vista of Next Round of the Sino-British Talks**

Wang Qiren said: The meeting between Chinese and British foreign ministers was conducive to advancing Sino-British talks on the arrangements for the 1994-95 elections in Hong Kong. The talks in the previous stage went on with great difficulty, but the Chinese side was always full of sincerity, and hoped that results would be achieved before long.

Wang Qiren pointed out: As an ancient Chinese saying goes, "listen to what a person says and watch what he does." Sincerity means being responsible to history, giving consideration to Hong Kong people's interests. If Hong Kong has trouble, China will gain nothing good. The Chinese Government sincerely hopes to maintain prosperity on this stretch of land.

#### **On Issue of the Preliminary Work Committee for the SAR Preparatory**

Wang Qiren said: Before the Hong Kong SAR Preparatory Committee is set up in 1996, it is necessary to set up a special working organ under the Standing Committee of the National People's Congress to consider affairs concerning Hong Kong's smooth transition and government transfer and come up with opinions and proposals, thus making preliminary preparations for the SAR Preparatory Committee.

The Preliminary Work Committee will not interfere in the day-to-day administration of the British Hong Kong Government, and will not become Hong Kong's "second power center." Nor will it affect the normal work of the Sino-British Joint Liaison Group.

#### **On Issue of Civil Servants**

Wang Qiren said: Hong Kong's social achievements are inseparable from the high-quality and highly efficient civil service. So he hopes that the contingent of civil servants will remain stable, and that the vast majority of civil servants in all government departments will remain in their current posts in 1997 and continue to serve the SAR Government.

Wang Qiren said: After 1997, Hong Kong's current civil service recruitment, work assessment, training, and management systems and work discipline will all remain intact except the privileged treatments enjoyed by the expatriate personnel. The work seniority of the civil servants will be kept; wages, allowances, fringe benefits, and service conditions will not be lower than the original standards. All this has been explicitly specified by the Basic Law, and will enjoy full legal guarantees. Before and after 1997, civil servants in the police have been performing duties and will continue to perform duties according to the law, so there will not be any "account settlement" after 1997 for them.

#### **On Issue of the West Harbor Crossing Tunnel**

The Sino-British Airport Committee has approved the West Harbor Crossing Tunnel. Wang Qiren said: When the Chinese side agreed to approve the project, the British side indicated that it had noticed the need to keep a balance between the new tunnels' tolls and that of the two existing two tunnels. Wang Qiren hoped that the agreement concluded by the Chinese and British sides will be actually put into practice.

As the Legislative Council will soon discuss the by-law on the West Harbor Crossing Tunnel, Wang Qiren said that he believes most Legislative Council members will assume a positive attitude and properly approach this issue for the sake of Hong Kong's overall interest, prosperity, and stability, and the project will be started at an early date.

#### **On Issue Concerning the New Airport Project**

Wang Qiren said: The Chinese Government always agrees that Hong Kong should build a new modern airport with economic efficiency at an early date. At the same time, China also hopes that financial arrangements for the new airport project will be made as soon as possible on the basis of the Memorandum of Understanding. The Chinese side is optimistic about this. The Chinese side holds that increasing the government's stake in the Interim Airport Authority and the MTR Corporation is an effective way to eliminate callable equity, reduce the gross amount of debts, lower overall costs, and lessen burdens on the future SAR Government. The British side has also indicated that efforts will be made in this direction. We welcome this, and hope to achieve further substantive results as soon as possible through talks.

#### **On Issue Concerning Container Terminal No. 9**

When talking about container terminal No. 9, Wang Qiren said: The Chinese Government always attaches importance to preserving Hong Kong's status as an international shipping center, and supports the plan for developing harbor facilities. China also welcomes the participation of various types of capital. The construction of container terminal No. 9 is a major project related to a franchise and operational terms straddling 1997 and also related to Hong Kong's overall interests. So the project can only be approved after consultations between China and the UK. As long as the two sides cooperate, we believe that it will not be hard to solve this issue.

#### **On Issue Concerning Contracts Straddling 1997**

Wang Qiren said: The Chinese side required that the British side must consult the Chinese side before it signs any government contracts related to a franchise or a major public work or anything requiring the post-1997 government to bear economic and financial responsibilities, and these affairs will be handled on a case-by-case basis. This is because these contracts require the future

SAR Government to bear major responsibilities and commitments, and they are thus related to such major issues as transfer of the government's administrative authority and transfer of government assets. In addition, such contracts are also related to the immediate interests of the overall economy and the general public in Hong Kong. So the British side cannot unilaterally make decisions on such affairs. However, the Chinese side will adopt a flexible and realistic approach to ordinary business contracts, and will announce their continuing validity once and for all after 1997.

Wang Qiren reiterated: The Chinese Government welcomes all sorts of capital from all countries and continuing investment in Hong Kong, and will treat them equally without discrimination. China will also hold a positive attitude toward government contracts straddling 1997, and this is best evidenced in its recent endorsement of the British side's approval of four franchises.

#### **Mainland Financial Condition and Impact on Hong Kong**

In the interview, Wang Qiren said that he found Hong Kong people were deeply concerned about the financial condition of the mainland. He told the reporter that in fact, when the world was bogged down in the economic recession of the last two years, China successfully grasped this opportunity to make substantial economic development. However, some problems also appeared. The size of capital investment was too big, and credit was too loose, and the money supply was too large. This was caused by imperfections in economic structural adjustments. At present, the Chinese Government is not trying to effect across-the-board retrenchment; instead, it is just trying to make the overall economic control more effective and continuously rationalize economic relations. At the same time, such "bottleneck" sectors as transportation and energy and the production of the people's daily necessities as well as various marketable goods will develop more rapidly.

Wang Qiren said: There are close economic relations between the mainland and Hong Kong. In the long run, the current macroeconomic adjustment will not produce any adverse impact on Hong Kong's economy, but will just make the situation more favorable to Hong Kong. The Chinese mainland's economy will continue to grow robustly, so Hong Kong people can set their minds at rest and continue business transactions with the mainland without uncalled-for concern.

#### **On Issue of Hong Kong's Industrial Structural Change**

When analyzing Hong Kong's three major industrial structural changes in the last 30 years, Wang Qiren said that Hong Kong's industry is facing another structural change on the basis of diversification, and the structural change is still under way. In the ongoing structural change, labor-intensive production is being replaced by technology-intensive production; ordinary products are being replaced by high technology products with high

added value. The structural change is of great importance for the economy in the post-1997 period and next century. Hong Kong's economy will thus move to a new, higher level. Therefore, it is necessary to make greater effort to turn high technology into productivity as soon as possible.

When concluding the interview, Wang Qiren said that his visit to Hong Kong was still too short and various activities were too hasty, but "we are deeply impressed with many friends' sincere feelings of loving China and loving Hong Kong, and this is unforgettable." In the future course of Hong Kong's transition, we should "range far our eyes over long vistas," and all difficulties will eventually be overcome. The great conception of "one country, two systems" will certainly become reality, and Hong Kong will certainly become more prosperous and brighter!

#### **Guangxi on Vietnamese Immigrants in Hong Kong**

*HK1607032593 Hong Kong SOUTH CHINA  
MORNING POST in English 16 Jul 93 pp 1, 3*

[Article by Ng Kang-Chung and Annette MacKenzie]

[Text] Officials in Guangxi warned yesterday it would be a long time before hundreds of Vietnamese who fled from the province to Hong Kong could be returned to China. The warning came as three more boats carrying a total of 107 Vietnamese settlers from China arrived in Hong Kong, and intelligence received by the Security Branch suggested many thousands more were on their way.

It emerged yesterday that the British Embassy in Beijing had taken up the issue with the Chinese authorities in an attempt to secure the early return of the Vietnamese illegal immigrants from China before more arrived. The embassy's most senior political officer, counsellor Nigel Cox, set up a special meeting with China's Ministry of Foreign Affairs to address the issue.

He asked them to prevent more ethnic Chinese Vietnamese setting sail and to agree to the repatriation of those who had arrived in Hong Kong. The request for action at the international level came from the Hong Kong Government, which is already in daily contact with the New China News Agency.

A Security Branch spokesman said: "The number of arrivals is certainly disturbing and the Hong Kong Government could well request further action.

"They will be pressing for a response because of the urgency of getting the message back to where these people are coming from."

Vietnamese in Beihai, Guangxi, told the South China Morning Post that more than 1,000 people had left for the territory in the past month and 10,000 more were preparing to set off. They claimed they had little choice



but to look for a better life elsewhere after their shantytown homes were demolished by the local authorities.

The municipality's vice secretary-general, Chen Yehui, said yesterday he expected the Vietnamese would be stuck in Hong Kong for a long time. The authorities in China will not agree to their repatriation until they can verify the identities of the migrants so they can be sent back to the place they had been settled.

Most of the Vietnamese boat people fleeing Beihai had originally been settled in other provinces such as Hainan, Guangdong and Fujian after leaving Vietnam in 1979. But they had moved to Beihai because of the rapid development of Guangxi city in recent years.

Mr Chen said Beihai was discussing with other municipal authorities methods of verifying the identities of those who arrived in Hong Kong. "Anyone can claim he is an ethnic Chinese Vietnamese from Beihai. They do not have any identity documents as proof," he said. "Perhaps some of the so-called Vietnamese are just illegal emigrants from, say, coastal Guangdong. We do not know. There is no reason why we should accept all of them and it is irresponsible to send all of them back to Beihai too."

He said he understood that the central Government might discuss the exodus with the British Government later. In the meantime, he expected the boat people would have to be kept in Hong Kong. "It will take a long period of time but the provincial government has expressed concern over the issue and has reported to the central Government," Mr Chan said.

He added that Beihai was also discussing with officials from other cities, including those in Hainan and Guangdong, methods of taking back those Vietnamese who are still in Beihai. Beihai's official in charge of Indo-Chinese refugees, Lau Shiji, said the Government had planned to build about 400 low-priced flats to sell to the Vietnamese who wanted to live in the city in a bid to help solve the problem.

The prices of 320- to 430-square-foot flats will be about one-third of the market price. "We do not want them to build huts and tents in the city. If they really want to move to our city, they can buy the flats and this will enable better management," he said. The three wooden boats that arrived within two hours yesterday morning from Guangxi held 46 men, 38 women, and 23 children.

—Three Hong Kong journalists were stopped by public security officials and had 19 rolls of films confiscated while attempting to interview the Vietnamese yesterday morning near Beihai. They were released about two hours later.

#### Guangxi Official Denies Detention of Reporters

HK1607093393 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0647 GMT 16 Jul 93

[By reporters Yu Xianlun (0151 7359 0243) and Xing Haofeng (6717 3185 1496): "Beihai City Official Denies Detention of Any Hong Kong Reporters, Saying This Is a Sheer Rumor"]

[Text] Beihai, 16 Jul (ZHONGGUO XINWEN SHE)—It was reported in Hong Kong that a batch of Hong Kong reporters covering news in Guangxi's Beihai City were detained in the last few days. About this, a responsible official in the relevant department of the Beihai City Government told ZHONGGUO XINWEN SHE that the report was a sheer rumor.

The official said: Because a batch of self-alleged "Vietnamese refugees" wandered to Hong Kong, in the last few days, more than 10 Hong Kong reporters came to Beihai to cover news. Seven to eight people among these reporters did not pass normal procedures, but the Beihai authorities did not detain any of them.

The official said: The Beihai City Government politely treated most Hong Kong reporters, and only rejected the coverage by a small number of reporters who had deliberately misrepresented the facts, giving them criticism and education. On the one hand, the authorities seriously pointed out that they were wrong to cover activities without passing normal procedures. On the other hand, the departments concerned of Beihai City also held discussion meetings with them, briefed them about the relevant conditions, and answered their questions. The reporters were also organized to inspect the scenes.

#### Hebei Secretary Attends Hong Kong Trade Fair

SK1607051393 Shijiazhuang Hebei People's Radio  
Network in Mandarin 2300 GMT 15 Jul 93

[Text] The 1993 Hebei Provincial Investment and Trade Fair ceremoniously opened at the Hong Kong Exhibition Center on the afternoon of 15 July. Attending the opening ceremony were noted figures, guests, and journalists from industry and commerce, trade, and bank circles in Hong Kong, Macao, Taiwan, and various foreign countries, including (Su Qin), (Shen Yueren), (Li Zhaoji), (Deng Litong), (Guo Heyan), (He Hongxin), and (Zhuang Shiheng), more than 1,500 persons in total. Among the provincial leaders present at the opening ceremony were Cheng Weigao, Chen Liyou, and (Zheng Hua), economic adviser to the provincial government. To achieve success in this fair, the province has offered, through meticulous screening, 2,180 projects, including such infrastructure and basic industrial projects as highway, harbor, and power projects, such as large and medium-sized raw materials industrial projects including steel and iron, chemical industrial, and cement projects, the projects of joint venture, cooperation, grafting, renovation, and transfer items of large and medium-sized enterprises, the projects of the three forms of import

processing and the compensatory trade, and the projects of import of foreign capital. Cheng Weigao said in his opening speech: The province's trade fair is aimed at introducing Hebei's economic situation to Hong Kong, Macao, and various foreign countries and at making friends and developing friendly relations with these regions and countries. This grand fair will certainly help strengthen mutual understanding and friendship and certainly promote common prosperity.

A large-scale iron and steel product sales exhibition also opened at the Hong Kong Exhibition Center on 15 July. Before the opening ceremony, a news release was held by the executive committee of the exhibition. Attending the news release were persons from the press units of the PRC's central authorities stationed in Hong Kong and from the press agencies of Hong Kong, Macao, and Taiwan, persons of WEN WEI PO and TA KUNG PAO, and more than 60 journalists from the press agencies of more than 40 countries, including Japan, the UK, and the United States.

Chen Liyou briefed the friends on the press circles on Hebei's economic situation, investment environment, geological advantages, and preferential policies. He said:

The projects offered by this fair cover a wide range, and the forms of cooperation are flexible. Investors may cooperate with our enterprises in the BOT [expansion unknown] form, the form of preferential compensation, the form of general compensation, the form of using government investment promises, and the form of establishing overall cooperative relations with local governments.

Cheng Weigao and Chen Liyou answered questions raised by journalists.

According to another source, from 13 to 14 July, Cheng Weigao, Chen Liyou, and (Zheng Hua) called on some organs and key corporations, including the Chinese industrial and commercial council, (Fuhua) industrial corporation, the Bank of China, the (Zhaoshangju) group corporation, (Fengxidao) corporation, (Xinshijie) development corporation, and Hong Kong and Macao investment corporation. They briefed them on Hebei's situation in opening to the outside world. They expressed the hope that these organs and corporations would conduct extensive economic and technological cooperation with Hebei.

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